November 8 1985

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,773 Thursday November 7 1985 D 8523 B

Soviet arms: cost of keeping up with Reagan, Page 18

World news

Craxi in row over Palestine struggle

Italy's Socialist Prime Minister Bettino Craxi provoked serious new tensions in his re-formed coalition Government by declaring that the armed struggle of the Palestinian people was "legitimate."

Craxi said that the "armed struggle" by the Palestine Liberation Organisation would not resolve Palestinian problems. But he added: "I don't contest the legitimacy of it."

His remarks contradict statements on the Palestinian issue contained in a document thrashed out by the five parties of the ruling coalition, settling the crisis caused by Craxi's resignation on October 17. Page 20

Iraqi air strike

Iraq mounted its heaviest raid against Iran in several months. Some 30 Iraqi aircraft struck a steel factory and a military boat-making plant in Ahwaz.

Polish reshuffle

Poland's Communist Party leader Wojciech Jaruzelski resigned after almost five years as Prime Minister. He was named head of the Council of State, the collective presidency. Page 2

Rebels attack court

Colombian troops backed by tanks and helicopters killed at least 18 left-wing guerrillas when they stormed Bogota's Supreme Court building to end a three-hour occupation. A policeman and three civilians were also reported killed. The M-19 rebel group claimed responsibility for the attack.

Anglo-Irish meeting

Irish and British ministers met in London amid speculation from senior Tory MPs that an agreement on Northern Ireland could be announced within a fortnight. Page 8

Bank attacks claimed

The Fighting Communist Cells, a left-wing extremist group, has claimed responsibility for bombing four Belgian banks earlier this week.

Malta-Libya pact

Malta and Libya have signed an agreement allowing citizens of either country to travel, work, reside and own property in the other.

Kampuchea vote

The UN General Assembly called for withdrawal of all foreign troops from Kampuchea, occupied by Vietnamese forces since 1978, by a vote of 114 to 21, the largest ever majority on the issue.

Speed limit debate

The European Community's executive commission will propose a speed limit for the member-states in a move to reduce pollution. The Commission has not agreed on a maximum speed.

French plan limits

The French Cabinet approved a draft law that would allow parliamentary deputies or senators to hold only one other elected office. Page 3

Space mission over

Space shuttle Challenger landed successfully in the US after a week-long scientific mission by five Americans, two West Germans and a Dutchman.

Flying casino planned

A British charter flight company, London Express Aviation, hopes to alleviate boredom on 14-hour flights to Singapore next year by turning its aircraft into flying casinos with slot machines and blackjack tables.

Business summary

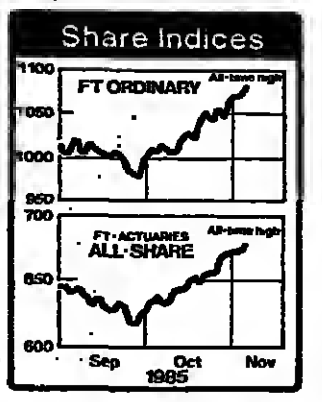
Philips expects reduced earnings

PHILIPS, the Dutch electronics group, expects lower earnings this year after posting a profit fall in the first nine months, mostly from losses at Signetics, its US chip subsidiary. Page 20

WALL STREET: At the close the Dow Jones industrial average was 6.77 up at 1,403.44 Page 38

TOKYO: Stocks moved higher on the yen's firmness against the dollar. The Nikkei market average gained 71.71 to 12,892.40. Page 38

Share Indices



LONDON equities hit fresh peaks with the FT Ordinary index 7.8 higher at a record 1,081.1 and the broader based FT-SE 100 index hit a peak of 1,395.0 with a gain of 11.3. Gilts eased. Page 38

DOLLAR closed in New York at DM 2.5958; SFr 2.138; FFr 7.9075 and Y204.20. It was weaker in London, closing at DM 2.599 (DM 2.6135), FFr 7.92 (FFr 7.9675), SFr 2.14 (SFr 2.151) and Y205.25 (Y207.95). On Bank of England figures the dollar's index fell to 129.1 from 129.4. Page 31

STERLING closed in New York at $1.436. It gained .35 points against the dollar in London to $1.4365 but fell to DM 3.7325 (DM 3.745), FFr 11.3775 (FFr 11.4175), SFr 3.075 (SFr 3.0825) and Y295.0 (Y298.0). The pound's exchange rate index fell 0.3 to 80.0. Page 31

GOLD closed unchanged on the London bullion market at $324.75 and fell 35 cents in Zurich to $324.50. In New York the Comex December settlement was $325.50. Page 30

BRAZILIAN GOVERNMENT put its promised privatisation programme in train with the offer of 6.6 per cent of Petrobras, the state oil and chemicals group, in the form of 5bn non-voting preference shares. Page 21

AUSTRIA'S parliament has approved a $400m aid package to cover losses and restructuring costs for some of the troubled industrial holdings of the Creditanstalt Bankverein. Page 3

ITALY'S newly-created unit trusts, a key factor in this year's boom in the Milan stock market, had investment funds of L15,607bn ($8.86bn) at the end of October. Page 21

SUMITOMO ELECTRIC, Japan's biggest manufacturer of electrical cables and optic fibres, blamed the semiconductor industry slump for a modest 2.1 per cent gain in earnings to Y9.63bn ($45m) in the half year. Page 23

EASTMAN KODAK, world largest producer of photographic products, reported lower third quarter net profits of $246.1m or $1.09 a share compared with $332.3m or $1.37 a share a year ago.

CINCINNATI MILACRON, US toolmaker, reported a net third quarter loss of $52m or $2.22 a share against a net rpofit of $8.27m or 35 cents a share in the year-ago period after taking a $46.3m charge from restructuring.

ROCKWELL INTERNATIONAL, US defence contractor which has enjoyed rapidly-growing quarterly profits for two years, reported virtually static fourth-quarter results after a downturn in the truck industry to which it supplies axles and brakes. Page 21

Arms control deal unlikely at summit, US officials warn

BY REGINALD DALE, US EDITOR, IN WASHINGTON

THE US appears resigned to the prospect that this month's Geneva summit will produce little if any agreement on arms control and may be on more than a session at which President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, can become acquainted.

If the atmosphere in Geneva proves friendly, Mr Gorbachev could then possibly be invited to a second summit in the US next year, a senior Administration offical suggested yesterday.

This week's Moscow visit by Mr George Shultz, the Secretary of State, has apparently convinced Washington that the gap betweeo the two sides on arms control and other major summit issues is too wide to be bridged in time for the first meeting between the two leaders on November 19 and 20.

"Realistically, I don't look for any arms control agreement, (in Geneva)" Mr Larry Speakes, the White House spokesman, said. Other senior officials were already trying to prepare public opinion for the summit's likely failure to achieve concrete results and suggesting that this would be because the leadership in Moscow is still so oew.

On his way back to the US, Mr Shultz told a news conference in Reykjavik that "what's important is that the relationship between these two very important countries take a turn for the better."

A senior official travelling with him said that it would be using a "false standard" to judge the summit oo what was agreed there at a time when the Soviet leadership was undergoing historic changes and had been focusing on internal affairs. It seemed that Mr Gorbachev was ready to turn to foreign affairs, "but ready io the sense of beginning and not concluding."

The central message of Mr Shultz's Moscow visit, in which he met both Mr Gorbachev and Mr Eduard Shevardnadze, the Foreign Minister, was that the Soviet leaders had not absorbed the technical and conceptual aspects of arms control, deterrence and the US Star Wars space defence programme, the official said. "We are undismayed. We are readier than they are – but we can wait," he added.

Both sides brought draft summit communiques to the Moscow talks but they differed dramatically in content, according to another US official. "They had a communique, we had a communique and it was clear there was nothing in between," he said.

The new Soviet leaders' failure to grapple with the problems of arms control was "understandable," the senior official said. "But it also means thet probably the pace of progress has been set back somewhat from what some in the West predicted."

Washington's conclusion, as expressed by a number of officials yesterday, is that barring a significant and unexpected change in Moscow's attitude, only minor agreements, covering such items as cultural co-operation, can be expected to emerge from Geneva.

Meanwhile, Mr Reagan hastily withdrew a pledge made public earlier this week not to deploy Star Wars space defence weapons until all offensive nuclear weapons are "eliminated." The surprising undertaking, in an interview with four Soviet journalists, alarmed Administration officials who feared that Mr Reagan had given Moscow a potential veto over Star Wars deployment.

Under the logic of Mr Reagan's commitment, the Soviet Union

Continued on Page 20

Moscow accuses US, Page 2; Arms spending race, Page 18

Thatcher puts emphasis on law and order

BY PETER RIDDELL AND KEVIN BROWN IN LONDON

MRS MARGARET THATCHER, the UK Prime Minister, yesterday firmly set law and order as the centrepiece of her political and legislative programme for the coming year.

Speaking on the opening day of the week-long House of Commons debates on the Queen's Speech – which outlines the Government's proposed legislative programme for the forthcoming parliamentary session – she talked of the importance of containing public expenditure and extending privatisation and deregulation, but she placed most stress on upholding the rule of law as the crucial issue facing the country.

Mrs Thatcher rejected the view that the recent inner city riots could be eradicated by more money and strongly attacked the opposition Labour leadership. She said that party leaders who stood by while sections of their party undermined the police could not be taken seriously when they talked of support for the law.

The Government, she said, rested firmly on respect for the rule of law and it was on that "fundamental basis" that she commended the whole legislative programme.

Her emphasis is significant following recent evidence that the Government's approval rating in the opinion polls has risen following, and apparently because of, the strong line ministers have taken about the inner city riots.

Mrs Thatcher's section on law and order was almost the only part of her speech to be cheered by Conservative backbenchers. Otherwise, Mrs Thatcher'a performance was rather dull and mostly listened to in silence by her own side and jeered by Labour MPs.

By contrast, Mr Neil Kinnock, the Labour leader, was witty and cutting for most of his speech while attacking the Government's failure to do more to reduce unemployment.

Mrs Thatcher stressed the Government's intention to publish proposals for "a major reform" of the rating (local property tax) system, although there is still no Cabinet agreement.

There was only a passing reference to the reform of the social security system, about which ministers are undertaking a substantial

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Full text and debate, Page 10; Analysis, Page 11; Editorial comment, Page 18

Projects endorsed for Eureka

BY RUPERT CORNWELL IN HANOVER

THE SECOND Eureka ministerial conference ended on a resounding high note yesterday, with the formal adoption of a first batch of 10 multinational research projects, together with a charter governing the scheme for high technology co-operation between the 18 participating European countries.

Between them, the ventures already involve companies from 12 nations, as well as the European Commission, in areas ranging from personal and high-speed computers to lasers, robotics and flexible manufacturing systems.

Eight of the 10 projects are industrial, costing a total of £230m ($331m). As expected, no specific Eureka fund for their financing has been created because of disagreements between governments. But the schemes will be able to draw on existing public funds aiding research and development.

At the same time, the two-day meeting of foreign and technology ministers found a compromise formula to defuse the delicate issue of the agency to govern Eureka, by stipulating that officials will come up with a firm agreement by January 31st 1986, well in time for the next Eureka conference which Britain will host next May.

That gathering could see the ratification of some or all of a further 50-odd projects waiting in the wings. These so-called "Category Two" ventures, where companies have already held extensive discussions, are in some cases larger still than the ventures given the seal of approval yesterday, and include such ambitious ideas as a study for a European supercomputer.

Mr Hans-Dietrich Genscher, the West German Foreign Minister, yesterday described the gathering as a real success, which had opened the way for Europe to 'collect its forces' to better meet the technological challenge of the US and Japan.

Mr Geoffrey Pattie, the UK Technology Minister, said afterwards that Eureka was now "in sharp focus" and had acquired an "unstoppable momentum which gives European industry the chance to seize a major share of world markets in high-tech products."

The goals of the Eureka scheme are enshrined in a seven-page charter or "Declaration of Principles" adopted by the meeting. This sees Eureka as a framework within which companies, generally the prime movers of individual projects, can co-operate across borders, assisted by diminishing national barriers – and ultimately a genuine internal common market, to which the European Community is committed by 1992.

Developing the framework as well as the provision of state financial support as necessary, is seen as the key job of government. For success, "the acid test is that there must be standardisation throughout Europe", Mr Pattie said.

But for all the impetus generated in the last two days, various practical difficulties, short and long-term, still bedevil Eureka. The declaration, for example, accepts that there will be a secretariat – or task force as British officials prefer to call it.

The 18 nations still have to agree, however, before February on its permanent home (if any) and make-up. All accept that it should be small and flexible but they have to define the secretariat's precise links with the EEC Commission in Brussels.

Continued on Page 20

Mexico attempts to halt slide in peso

By David Gardner and William Hall in New York

MEXICO's central bank has imposed partial exchange controls in a bid to halt the steep fall in the "free" rate of the peso which on Tuesday hit a record low of 500 to the US dollar compared with 370 before the September earthquakes. The bank is trying to crack down on a foreign exchange process run by non-Mexican institutions which largely circumvented the country's foreign exchange regulations.

In the process a thriving market was created abroad for peso credits for cash-starved Mexican corporations. The foreign exchange and peso credit markets had grown rapidly, particularly in New York and San Francisco.

The central bank has clamped down on these activities by requiring a Mexican bank to act as ageot in all transactions thus subjecting them to greater government control.

Foreign exchange traders in New York said yesterday that the moves were clearly aimed at halting the flight of capital out of Mexico and the loss of confidence in the currency which has accelerated since the September earthquake.

Trading in the Mexican peso came to a virtual halt in New York yesterday as traders tried to find out details of the new central bank rules which surfaced in the form of a statement carried by a Mexican Government oews agency.

One leading New York money centre bank said it had been in touch with the Mexican central bank at least a dozen times yesterday in an effort to find out what was happening and said that Mexican officials were themselves very confused.

In a bid to curb the offshore trading in Mexican pesos the Mexican central bank has decreed that buying and selling of pesos should be conducted only through Mexican financial institutions. This means that foreign banks, which are generally not allowed to conduct banking business inside Mexico, have no means for settling peso transactions between each other.

Several New York bankers said yesterday that they believed the measures will have to be followed by other moves which could include a ban on the repatriation of currency by foreign companies operating in Mexico. Many traders believe that the Mexican authorities will have to bring the "controlled" rate, which was yesterday being quoted at 323 to the US dollar, closer to the "free" market rate which was yesterday being quoted in a range of 480 to 520 per dollar.

ITC talks fail to resolve tin trade crisis

BY STEFAN WAGSTYL IN LONDON AND WONG SULONG IN KUALA LUMPUR

THE CRISIS that has crippled the world tin trade last night looked as far away as ever from being resolved.

The International Tin Council, which administers a price pact between producer and consumer countries, resumes its emergency meeting today after failing to make progress yesterday. Delegates are already planning another meeting next week – dashing hopes of a speedy settlement to the crisis in which hundreds of millions of pounds are at stake.

The London Metal Exchange, the world's leading metal market, will almost certainly try to cootinue until then with the suspension of tin trading, which first came into force on October 24 when the ITC announced that it had run out of money in its efforts to keep prices above free market levels.

But the LME's ottempts to hold the fort while the tin council deliberates are being undermined by the opening of secoodary markets elsewhere, trading tin far below the £8,140 a tonne suspension price. Malaysia yesterday announced that tio sales would resume today in Penang, with a minimum price of 23 rioggits a kilo, the equivalent of £6,800 a toune in Europe.

That price is at the bottom end of the range of recent deals struck in Europe and in New York for small lots of metal. But there appear to be few big buyers at those prices. One leading European consumer said: "Let them sell at £4,000, then we'll start talking."

The two smelters based at Penang – Datuk Keramat Smelting and Malaysian Smelting Corporation – said they were creating "a secondary market to help Malaysian miners sell their tin until normal marketing operations are restored."

The reopening of the Penang market, which was in business for 75 years until it was replaced last year by the Kuala Lumpur Tin Market, has the blessing of the Malaysian Government. The Kuala Lumpur market is to stay closed.

The LME's main demand is for the tin council to honour its debts with traders. They might total over £600m.

The LME yesterday tried to impress oo ITV delegates the oeed for urgent action, with a letter from Mr Jacques Lion, LME board chairman, who said the need to reopen the tin market was pressing.

That, he said, could be done only after the ITC hoonured its debts. To do otherwise would result in "total chaos."

He warned that some traders were seriously suggesting closing the LME tin market for good.

But Mr Lioo's appeal seemed last night to have had little effect. Delegates said they would today discuss issuing a communique giving general assurances about tackling the tin market's problems. But those assurances were unlikely to give comfort to ITC creditors, they said.

Many delegates waot to see the results of an audit of the ITC's finances being carried out by accountants Peat Marwick Mitchell. They are also asking for the LME to put forward constructive proposals for reopening tin trading.

The LME says that it is looking at ways in which trading might resume in an orderly way. It could, for example, set limits on how much the tin price would fall on any one day. Or it could organise a settlement of all outstanding contracts at a fixed price – say £7,500 a tonne – which would reduce the potential cost to the ITC of settling its debts with brokers. However, the LME is under pressure from some traders with no ITC debts not to ioterfere with the free market in that way. Those firms could sue LME authorities for interfering in their busioess.

The lack of progress at yesterday's meeting seems to indicate that the appeal made last week by Mr Leon Brittan, UK Trade and Industry Secretary, for the ITC to find ways of honouring its debts quckly has met with little immediate response.

Last night, Mr Brittan put a brave face on things, saying he welcomed the cootinuation of discussions and looked forward to the urgent resolution of the curreot difficulties in the tin market.

David Lascelles in London writes: The ITC's bank creditors, who are owed over £300m, said last night that they were increasingly pessimistic about the prospects for an orderly settlemeot of the tin crisis.

They said they were faced with what one of them described as "a less than positive response" to their offer to extend the ITC's credit for a year in return for certain guarantees and commitments by the council's 22 member governments.

They laid the blame mainly oo the EEC governments on the council to whom the other members were looking for a lead

The possibility that the crisis might have to be resolved in the courts haunts the ITC's creditors.

Bolivians fear worst, Page 6; Commodities, Page 30

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EUROPEAN NEWS

Moscow accuses US of breaking Salt II treaty

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET Defence Minister, Marshal Sergei Sokolov, has accused the US of breaking the Salt 2 agreement of 1979 as hopes diminiah in Moscow of e substantive agreement at the summit meting in Geneva ln two weeks time.

Writing in the Communist Party daily Pravda Marshal Sokolov says that the US has broken the Salt 2 agreements but that it will gain no military advantage over the Soviet Union. He promises that Moscow "will issue an adequate response to the contemplated challenge."

The harsh tone of the article and the lack of progress made by Mr George Shultz, the US Secretary of State, in two days of talks with Soviet leaders at the beginning of the week are taken by diplomats as en indication that the Geneva summit will not produce very much.

Mr Shnltz has gone out of his way, however, to stress that the summlt was part of a continuing dialogue with the Soviet Union whlch would continue after Mr Mikhail Gorbachev, the Soviet leader, and President Reagan had met.

Marshal Sokolov specifically sccuses the US of developlng and testing Midgetman lntercontinental nuclear missile (ICBM) "whose creation and deployment is directly banned by the Salt 11 treaty."

When first elected President Reagan deacribed the Salt 2 agreement, never ratified by Congress, as fatally flawed but has said the US would continue to ablde by its provlsions.

The article by the Soviet Defence Minister, generally belligerent in tone, precedea today's military parade through Red Square to celebrate the anniversary of the October revolution which brought the Communist Party to power in 1917.

The lack of progress in developing common ground between the super powers haa been given promlnance in the Soviet media and President Reagan's counter offer of arms reduction at Geneva last Friday appears to have sparked little Soviet interest.

Speaking at a Kremlin rally before tomorrow'a parade and long public holiday Mr Victor Chebrikov, the head of the KGB security police and a member of the ruling Politburo, said he gave a somewhat more optimistic gloss on Geneva.

"We believe that if polltical courage is shown and the sides move to meet eech other half way, there is still much that can be rectified," he sald.

At the same time, however, Mr Chebrikov accused the US of waging "undeclared wars" in regional conflicts across the world.

Parliament approves Jaruzelski move

By Christopher Bobinski and David Buchan in Warsaw

POLAND'S Parliament yesterday appointed a new Prime Minister, Mr Zbigniew Messner, currently First Deputy Premier with responsibility for the Economy, to replace General Wojciech Jaruzelski who becomes chairman of the Council of State.

Mr Messner, who comes from the key mining region of Silesia, will present the list of ministers in his new Government to a session of the Parliament next week, when a further meeting of the party central committee is also expected to make changes in the party hierarchy.

But whatever its precise make-up, the Government reshuffle does not portend any major policy shift. The departure of Mr Mieczyslaw Rakowski, a close aide of Gen Jaruzelski, from his post of Deputy Prime Minister was taken by some as confirmation that the Government's role in deciding policy will be diminished, just as the Council of State with Gen Jaruzelski's presence, is expected to be increased in importance.

Mr Rakowski was appointed to head one of the Parliament's advisory bodies called the Economic and Social Council.

The move opens the way for Mr Rakowski, if he can overcome hard-line suspicion in the Polish central committee and maybe in Moscow of his liberal past, to make e bid for membership of the party Politburo, the country's supreme decision-making body.

Budget challenge issued by MEPs

BY QUENTIN PEEL IN BRUSSELS

THE BUDGET committee of the European Parliament yesterday added more than Ecu 2bn ($1.68bn) to the 1986 EEC budget and challenged the 10 member states to pay up the money needed for Spain and Portugal to join next year.

The budget proposal, to be voted on by the full Parliament in Strasbourg next week, is only Ecu 1bn short of the Ecu 35bn called for by the European Commission, but is far above the Ecu 31.8bn approved by the budget ministers of the Ten.

The MEPs, whose responsibility as one arm of the Community budget process constitutes their single important power, stopped short of an alternative strategy of approving an unchanged draft budget. That would have left the new member states as substantial net contributors in their very first year of membership.

Instead, the budget committee is calling on the Parliament to go far beyond its legal powers, which would limit budget amendments to no more than Ecu 217m.

The dispute goes back to the draft budget approved by the Council of Ministers in September, when they deliberately left out spending required for Spain and Portugal, and spending to cope with an accumulation of past commitments on social and regional policies, in order to prevent the Parliament from adding too much extra in turn.

By keeping the rate of increase to less than 7.1 per cent, the so-called "maximum rate," the ministers ensured that Parliament could only add the Ecu 217m.

In the event, the plan has had the opposite effect, by causing MEPs of all political shades to unite in exceeding their powers.

Mr Efthimios Christodolou, rapporteur for the budget committee, said the decision was "to restructure a budget that was not complete." If the Parliament'a planned budget exceeded the strict bounds of legality, so did the ministers' draft, because it deliberately ignored unavoidable spending commitments, he said.

Videotape levy sought

BY IVO DAWNAY IN BRUSSELS

THE EUROPEAN recorded music and video industries are pressing the EEC Commission to propose a Community-wide levy on all blank audio tape and videotape sales.

The International Federation of Phonogram and Videogram Producers (IFPI), representing 400 EEC companies, says that home taping is costing the music industry $100m a year in lost rights. The trade in illegally recorded video cassettes is valued at more than $700m.

A meeting between the IFPI and officials of the European Commission this week aimed at adding a European dimension to several national campaigns for levies on blank tapes. The federation also called for action against counterfeit recordings.

France hails defence deal but bulk of contract stays in US

BY DAVID MARSH IN PARIS

THE US government'a decision to choose French designed equipment for a $4.3bn army communications system to be brought into service over the next few years was widely welcomed in Paris yesterday as giving a general boost to French technology.

"This should improve our name on the US market," said Mr Alain Gomez, the chairman of the nationalised Thomson electronics group and of its 51 per cent subsidiary Thomson CSF, which will benefit with $1bn of orders from the U.S. deal.

Mr Paul Quiles, the Defence Minister, hailed the decision "a success in operational, technical and commercial terms" which should boost France's standing on international markets.

Ironically, the French success came shortly after Mr Quiles suspended a French army general for making critical remarks about the qnality of France'a AMX-30 tanks. Mr Quiles admitted on television this week that one of the reasons for his action was because the comments of Gen Phillippe Arnaux might endanger France's arms sales efforts abroad.

Mr Gomez said yesterday that the Pentagon's choice of the Rita (Reseau Integré de Transmissions Automatiques) network would have little impact on employment in the group as the system "is not really labour intensive." The decision will be translated into firm orders from 1986 onwards from the Pentagon to General Telephone and Electronics (GTE), the US electronics group with which Thomson linked up in the bidding for the deal.

About 25 per cent of the value of the deal would accrue to Thomson and other European companles, including some Belgian groups, involved in the Rita development, he said. The system is in use with the French and Belgian armies.

Thomson will bave responsibility above all for the radio links and the overall "system architecture" of the network. The US will be responsible for switching equipment, microwave systems and other electronics, as well as the vehicles which will carry radio masts and reception apparatus. About 30 European and US companies will heve a significant share in the orders.

Mr Gomez stressed that his company was able to win one of the most closely contested trans Atlantic arms deals without the benefit of any special lobbying effort. "When you play by the American rules, you can win the game if you are the best and the cheapest," he said. He declined, however, to comment on the personal intervention of Mrs Margaret Thatcher, the British Prime Minister, who tried to steer the decision in Britain's favour two months ago.

Ha said the sharp rise of the Thomson CSF share price on the Paris bourse—which is quoted now at about FFr 600 against around FFr 100 when he took over the Thomson CSF chairmanship three years ago—"ia my major criterion of success."

William Hall adds from New York: GTE said yesterday that contract calls for tha manufacture and delivery over the next eight years of more than 8,000 mobile radios, 1,400 switching centres and 25,000 telephones and the vast bulk of the contract will be supplied from the US.

It is one of four principal "team mates" in the project which it will manage entirely.

The battlefield communications system, known as mobile subscriber equipment (MSE), will enable the US Army to transmit and receive messages anywhere in the world. It resembles a commercial cellular telephone system by permitting users to make and take telephone calls while on the move.

However, geographical areas from which commercial cellular subscribers can call are limited because switching and control centres are stationary. In this contract the MSE centres will be housed in small vehicles which can move practically anywhere. The system also offers secure data and facsimile communications.

Wall Street analysts reckon GTE will win 30-50 per cent of the contract valne bnt company officials yesterday refused to comment, stressing that the financial impact will not be known until the formal signing later this year.

The two other US "team mates" are RCA and Raytheon. RCA will produce the communications security equipment. This covers encoding devices to ensure that signals are not intercepted by an enemy.

Raytheon, which is based in New England like GTE, will produce the digital multiplexers. These convert analog signals to digital signals.

Bulgaria industrial output up 4% in nine months

BY LESLIE COLITT IN BERLIN

BULGARIA said industrial production in the first nine months rose 4 per cent, but noted that electric power output, coal mining and production of some ferrous metals and "other important products" failed to reach last year's levels.

The Ministry of Energy said last week that electricity output to the end of September was only 66 per cent of target because of a severe drought which had shut down hydro-electric stations.

The official Bulgarian media said that although agricultural output had also not fulfilled its target, it had none the less had "more success as a whole" than last year, rising by 2.7 per cent.

The Bulgarian newsagency BTA, however, reported that as a result of severe drought conditions the total volume of agricultural produce "in terms of value" fell short of last year's level.

Bulgarian officials had said grain production fell sharply from last year's total of 9.3m tonnes and that output of fruits and vegetables was also lower. Bulgaria was forced to buy large amounts of grain as well as coal in the West.

The report on the plan's target achievement said that with the exception of milk, fresh fruit and vegetables, television sets and washing machines, a "not insignificant growth" was recorded. It noted that the shortfall in these categories was between 0.5 per cent and 3.5 per cent, while production of dairy products, fish, cooking oil, shoes and lignite coal had risen significantly.

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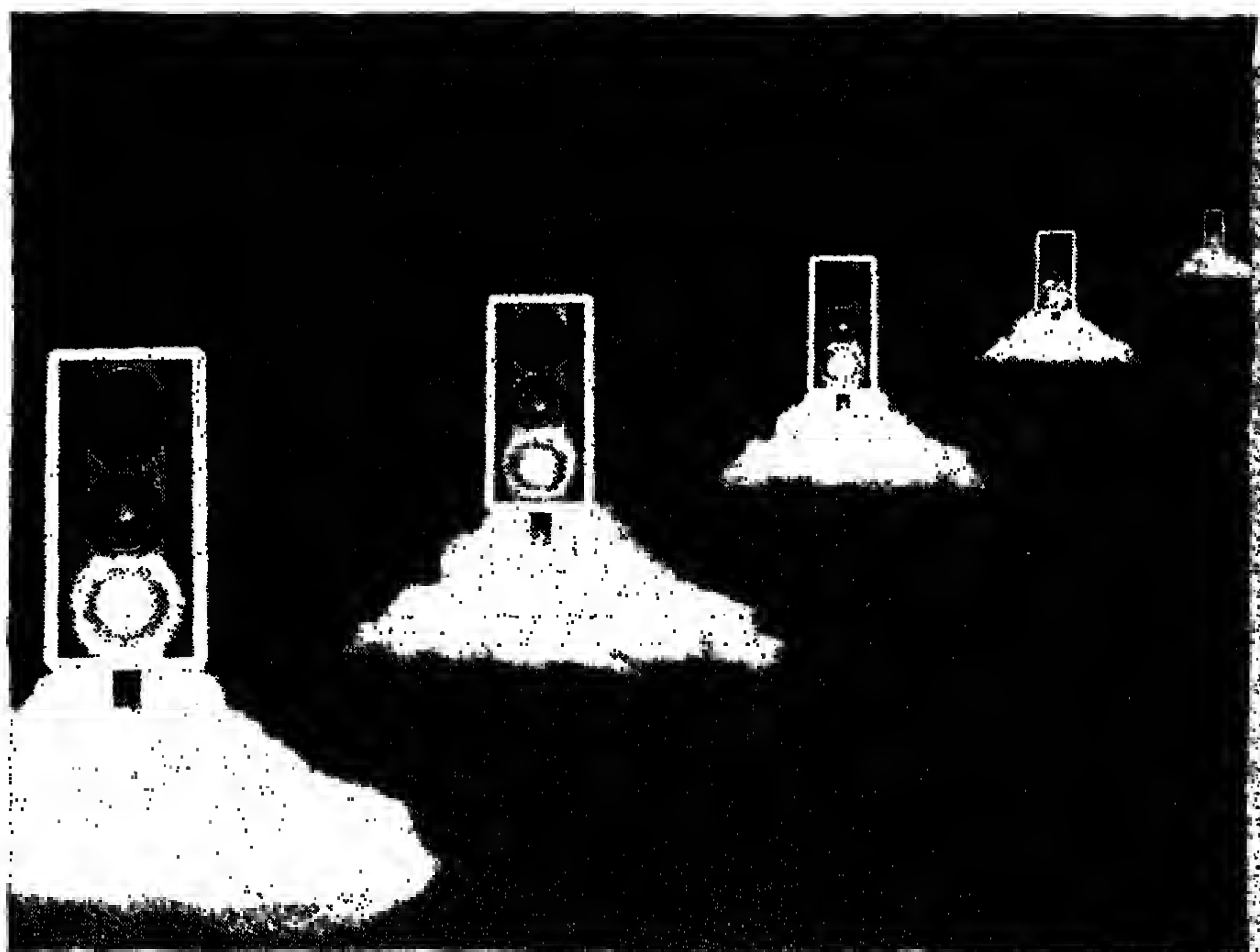

NOTICE OF REDEMPTION

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 15, 1972, providing for the above Debentures, $740,000 principal amount of said Debentures bearing the following serial numbers have been selected for redemption on December 15, 1985, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest thereon to said date:

OUTSTANDING DEBENTURES OF $1,000 EACH OF PREFIX "M" BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

01 45 56 58 60 67 97

ALSO OUTSTANDING DEBENTURES OF $1,000 EACH OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

1	688	1488	3588	4388	5288	7688	9188	10588	11888	13088
88	788	2588	3888	4588	6288	8188	9488	10888	12188	13588
188	1088	2788	4088	4788	6388	8988	10188	11488	12488	13788
388	1288	2988	4188	5188	7488	9088	10288	11688	12988	14588

On December 15, 1985, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Bank Mees & Hope NV in Amsterdam; Credito Romagnolo S.p.A. in Milan and Rome and Credit Industriel d'Alsace et de Lorraine, S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee with a bank in New York City. Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

Coupons due December 15, 1985 should be detached and collected in the usual manner.

On and after December 15, 1985 interest shall cease to accrue on the Debentures herein designated for redemption.

Compañía Anónima Nacional Teléfonos de Venezuela

Dated: November 7, 1985

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

M 98	3370	4469	7100	7981	8733	10261	11521	12200	12789	13413	14498
113	3398	4470	7103	7984	9370	10266	11670	12202	12797	13433	14503
461	3421	4473	7105	7985	9389	10269	11898	12205	12798	13437	14513
526	3436	5213	7113	7989	9398	10270	11903	12212	12800	13447	14521
531	3447	5221	7121	7990	9400	10289	11933	12213	12802	13789	14537
703	3470	5233	7133	7992	9402	10290	11936	12289	12803	13798	14603
998	3521	5236	7136	7998	9405	10366	11937	12298	12870	13800	14679
1003	3600	5237	7247	7999	9889	10598	11947	12302	12889	13805	14684
1013	3603	5247	7289	8003	9898	10600	11957	12303	12913	13813	14685
1031	3605	5270	7298	8012	9905	10602	11970	12306	12921	13821	14689
1133	3612	5289	7302	8013	9913	10605	11989	12313	12933	13826	14697
1136	3613	5333	7305	8015	9921	10613	11997	12370	12936	13833	14698
1137	3689	6121	7321	8121	9933	11270	11998	12389	12970	13837	14699
1170	3900	6133	7333	8136	9936	11289	12000	12398	12989	13936	14900
1433	3902	6136	7336	8137	9998	11298	12002	12403	12998	13937	14902
1436	3921	6137	7337	8185	10002	11300	12003	12413	13000	13997	14903
1437	3933	6147	7389	8189	10003	11302	12006	12421	13002	13998	14905
1498	3970	6170	7398	8192	10005	11303	12013	12433	13005	14000	14970
1521	4033	6213	7400	8194	10013	11306	12021	12436	13012	14002	14989
1870	4037	6289	7403	8197	10021	11321	12033	12437	13013	14003	14998
2036	4103	6298	7405	8198	10033	11333	12036	12457	13021	14005	15000
2421	4112	6300	7470	8199	10036	11336	12037	12461	13033	14333	
2833	4197	6303	7498	8200	10070	11337	12047	12570	13036	14336	
2837	4202	6398	7503	8202	10119	11470	12070	12589	13037	14337	
3036	4237	6403	7512	8203	10121	11498	12089	12698	13070	14403	
3333	4347	6413	7512	8205	10126	11500	12098	12700	13133	14412	
3336	4370	7021	7521	8503	10128	11502	12100	12703	13170	14413	
3337	4389	7037	7533	8513	10133	11505	12189	12705	13336	14421	
3347	4461	7098	7537	8521	10137	11513	12198	12713	13337	14433	

EUROPEAN NEWS

France acts to limit posts MPs can hold

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday took steps to limit the number of elective offices that can be held by a parliamentary deputy or senator

Under a draft law approved by the cabinet at its weekly meeting deputies in future will be able to hold only nne other specified elective office apart from their membership of the National Assembly. Currently it is common for MPs to combine two or three posts. Mr Jean Lecanuet, the president of the centrist UDF group, holds five. He is a Senator, Mayor of Rouen, a Member of the European Parliament, president of the Conseil General of the Seine-Maritime department and a *regional counsellor*.

The new measure is intended to end what many in both the npposition and the Government regard as an abuse. But at the same time it reflects immediate party political goals in that it will affect opposition MPs far more than Socialists. The donbling np of posts is more common among the opposition and the opposition expects to pick up far more seats than the Sociolists at the general and regional elections in March.

The opposition has thus been divided in its reaction to the bill, with some deputies *condemning it outright while* others have welcomed the principle. The measure was first announced in September by Mt Laurent Fabius, the Primo Minister. But it draws on proposals once made by former President Valery Giscard d'Estaing.

Apart from being a member of the National Assembly or the Senate, a parliamentarian will in future only be allowed to hold the elective posts of an MEP, o regional or departmental counsellor

Up to now, the douhling up of posts has been justified as *boosting* the incomes of deputies and strengthening their links with a constituency. A French deputy currently receives about FFr 33,000 (£2,894) a month with allowances. He is also entitled to office and secretarial belp up to about FFr 19,000 a month. Though mayors and local councillors are not paid, they receive "compensation" payments wblch in the case of Mr Jocques Chirac, the Mayor of Paris, amount to FFr 207,000 a year.

The Socialists have made the new measure deliberately *restrictive in the expectation* that it will be watered down in its passage through the National Assemhly and Senate. Within the opposition, there is o strong body of opinion whieh feels that it is electors who should *decide* whether they mind a deputy doubling up. There is also a feeling that if deputies incomes are cut through the measure, then they should be given more specific guarantees about retirement and other issues effecting their status.

Eanes: last time.

Portugal's PM warns opposition

By Diana Smith in Lisbon

PORTUGAL'S minority Social Democrat Government intends to adopt a tough attitude towards political forces that systematically try to block it, Prof Anibal Cavaco Silva, the new Prime Minister, has made clear.

In o hard-hitting speech ot the Government's ceremonial swearing in yesterday, be gave a thinly yeiled warning to the Communist party, which is threatening militant npposition to his administration, that systematic blocking will not be tolerated.

Even though his party was in a minority in *Parliament, his* administration would rapidly implement long delayed economic and administrative reforms, however unpopular, which, he said, would at last improve living standards.

Prof Cavaco Silva criticised the economic and social situation his government is inheriting. Investment has dropped 27 per cent in the past two years, he said, 470,000 people are unemployed and poorer families live in circumstances intolerahle for a country abont to join the European Community. He stressed that EEC membership would be a decisive, healthy opportunity for the Portuguese.

President Antonin Ramalho Eanes halanced similar criticism of Portugal's depressed economic circumstances with some praise for the success of the outgoing coalition headed hy Mr Mario Soares in righting the country's severely imbalanced external accounts.

It was President Eanes's ninth and last official swearing-in of a government. His nine-year *mandate expires in* January and he cannot run for another term.

Hungary to issue bonds with greater variable interest

BY OUR VIENNA CORRESPONDENT

HUNGARY'S STATE development bank will soon issue bonds witb a higher proportion of variable interest than recently, according to MTI, the official news agency. They will be available to companies and private individuals.

In the three years since the Government allowed banks and companies to issue bonds more than 50 types have been issued, about half of them taken up by private investors, MTI says.

Interest on Hungarian bonds is usually fixed, providing a guaranteed return. Last summer, however, the first variable interest domestic bond was successfuly issued for a local trading company in an ottempt to diversify the market. The success of that issue is encouraging the authorities to increase the proportion of variable interest for future issues.

According to MTI: "As the first bonds of variable interest have proved successful, it is planned to decrease further the fixed interest and increase tbe part depending on the company's profitability."

The first variable interest bonds were issued in August for the Pest County Industrial Goods Trading Company hy the Huogarian state development bank. The issue raised Forints 20m (£285,000). The bonds were priced at par with a seven-year matnrity and a three-year grace period. A minimum interest of 9 per cent was guaranteed witb an additional 1-4 per cent interest, depending on the company's profitability.

Initially, bonds could only be bought by companies, but private investors were later allowed to buy them. The new domestic bond market has been criticised hy orthodox Communists as an unwelcome return to capitalist practices, but the oulhorities have argued that it is often one of hte best ways for companies to raise money and as well as offering investors greater rewards for risk.

● Hungary and East Germany have expressed their view that tbe national interests of the small East European countries should be respected by the Soviet Union, writes Leslie Colitt in Berlin.

A senior Hungarian official, Mr Matyas Szuros, says in o newspaper article that the Warsaw Pact countries are paying increased attenlion to their "national particularilies, concrete realities and historical traditions." He also says that there are "no eternolly valid solutions for the huilding of socialism" ond sees a need to work out a "modern concept" of socialism.

His remarks, whieb appeared in the main Hungarian Communist newspaper, Nepszabadsag were reprinted yesterday in tbe East Germany Communist newspaper, Neues Dentschland, wblch indicates the approval nf the East German leadersbip.

Austria puts £277m into loss-makers

BY PATRICK BLUM IN VIENNA

THE AUSTRIAN Parliament yesterday approved a Sch 7.3bn (£277m) government aid package to cover the losses and restructuring costs of some of the trouhled industrial holdings of the Creditanstalt Bankveiren, Austria's largest bank.

The vote, however, will not pnt to rest o long and inconclusive debate abont how far the Government can go to ball ont loss-making companies.

Dr Franz Vranitzky, the Finance Minister, has repeatedly said that nationalised ond semi-nationalised industries must be more efficient and make a profit. He has warned that the Government will not endlessly subsidise companies which fail to make necessary structural adjustments.

Creditanstalt is 60 per cent Government-owned and the warning applies to its industrial companies.

The bank's industrial and service group of companies is expected to show marked improvements and return to profitability this year after years of losses, but some of the individual companies are still deeply in trouhle.

These include Steyr-Daimler-Puch, the vehicles and arms manufacturer, Maschinenfabrik Andritz, the industrial plant construction and engineering company, and Maschinenfabrik Heid which makes machine tools and agricultural equipment. The latest package of government subsidies will go to the three companies.

Andritz will receive the largest share, aboot Sch 4.1bn (£155m), two-thirds of which will be to cover losses and one-third for restructuring investment.

Steyr will receive Sch 2.6bn, including Sch 800m for investment in research and development, Sch 600m in the form of a soft loan for general investment, and an additional Sch 1.2bn to compensate the company for lost military orders caused by government restrictions on the sale of tanks.

Heid will receive Sch 550m, most of which will be to cover losses, with Sch 100m going towards restructuring.

Dr Hannes Androsch, Creditanslalt's chairman, predicted that the bank's industrial companies would make up to Sch 1bn in pre-tax profits this yeor, compared with a loss of about Sch 740m in 1984.

There's no business like talking film business in Milan

Alan Friedman meets some movie moguls and hopefuls at the Mifed trade fair

FORGET the Cannes Festival. Milan is where the real business is done. That was the message from Hollywood money men last week as more than *1,500 film distributors, directors* and prodncers from 81 countries packed their bags to leave the annual Mifed film and television trade fair.

Mr Yorum Globus, the Israeli entrepreneur whose Cannon Films group secured $56m (£38.8m) of orders during six days in Milan, was juhilant: "Our biggest Mifed success ever."

Cannon, which has gone from zero to a total of $240m of orders in six years, is the higgest of the independent film companies which come to Milan to buy, sell, trade and screen films which range from Kung-Fu tales to Franco Zeffirelli's new production of Otello starring *Placido Domingo*.

The Milan fairground was like a huge movie supermarket during the festival. The tension was palpahle as Japanese distributors walked into the 211 mini-studio offices shonting "action-adventure? Action-adventure?" and leaving immediately if the answer was no.

Twenty screening rooms were given over to showing 1,417 hours of trailers, promotions and unedited films. Independent film producers, who had persuaded hankers to invest several million dollars in their creations, thronged the corridors hoping to cover some of the investment by means of theatrical (cinema) distribution, home video and television deals.

Mr Cy Leslie, chairman of MGM/UA Home Entertainment, says of the Milan film fair: "Compared to Cannes there is no glamour here, no parties. This is the most serious place. We come to do business bere. Cannes is a showplace wbere you try to impress each other."

According to several key participants, Milan saw more than $100m of distribution rights sold last week, more than half of which was sold by Mr Globus.

Mr Globus and his director-cousin, Mr Menahem Golan started making low-budget films 25 years *ago*, using the Milan and other film markets to sell distribution rights as an independent producer. "We actnally sold a Hebrew-speaking black-and-white picture to Taiwan and Argentina. If you can do that you can do anything," he says.

The Globus-Golan team went to Hollywood in 1979 and today Cannon has a lihrary of 500 titles, is ahle to pay Sylvester Stallone $12m in acting fees for one film and has secured a $65m credit line from a consortium of banks led by First Notional of Boston.

The secret? Mr Globus says the secret of making money in movies is to "cushion the downside by pre-selling all the distribution rights before making the movie." Or to put it another way: "If I can pre-sell Stallone and make a profit before I make the movie, why shouldn't I?"

While the mini-majors like Cannon are cleaning up at Milan, what about Britain's independent producers, who have low-budget items to offer? (Low-Bndget means less than $5m in Hollywood.)

Mr Keith Cavele, who started as an assistant on the 1972 production of England Made Me with Peter Finch and Michael York, was in Milan last week for what he thought would be "just warming up the market" for his $4m production, The American Way. It is a simple tale of Vietnam veterans who fly above America in an old B-29 beaming television transmissions designed to wreck the presidential candidacy of a transvestite named Willa Westinghouse.

Hill Samuel, the merchant bankers, put up $4m for this project, half of which was guaranteed hy Middle East backers and the balance secured hy pre-sales of distribution rights. Mr Cavele, with only a 10-minute excerpt from the American Way, "closed" $500,000 of distribution deals in Milan.

Mr Laurence Myers, a former Petticoat Lane pitch-man who was once David Bowie's manager, has just won financial backing from Samuel Montagu for his $3m film Car Trouble. Julie Walters (of Educating Rita fame) and Ian Charleson (Chariots of Fire) play opposite an E-Type Jaguar in a film about "a man, a woman and a car—the eternal triangle." He sold $800,000 of distribution rights in all parts of the world except the US. The US sale is the most important for recovering production costs but Milan, says Mr Myers, can really make a venture profitahle.

Meanwhile, Mr Glohus was holding talks with Mr Jeffrey O'Kelly, a Paris-based Irish producer who has just completed a $7m animated feature called Dr Snuggles And Nearly The End Of The World. "We were discussing a possible Disney-like venture," said O'Kelly.

While the Milan fair serves principally as a buying and selling market, it is also a place where future deals are concocted. It was at Milan, for example, that MGM and Cannon began a series of talks which led to a recent $33m output deal, under which MGM will take a number of "titles" from Mr Globus.

Most of the film producers at Milan seemed a nervous lot; presumably the need to recoup a multi-million dollar investment which could turn into a bad deht makes the odrenaline flow.

As one British producer explained: "I've made the film, now I'm here in Milan to sell. This is like doing the Rubik cube on a tightrope over Niagara Falls, blindfolded, with one hand tied behind your hack—and I've got gout."

Youths shot dead after S. African patrol is stoned

BY ANTHONY ROBINSON IN CAPE TOWN

TWO BLACK youths were shot dead by police in the black township of Guguletu near Cape Town on Tuesday night after a crowd estimated as 700 strong by the police surrouoded an armoured car patrol and threw stones at police trying to make an arrest.

The deaths were the first to be reported since the authorities restricted media coverage of unrest over the weekend although police are also investigating the death of a coloured soldier from the Cape Regiment whose body was found with a bullet wound in the neck in the Coloured township of Mitchells Plain.

Dr Boesak: Hearing postponed

Elsewhere, police reported thet 26 bleck youths, both male and female, were handed over to the police by angry black parents after clashes between police and a stonethrowing crowd at Ashton north of Cape Town which led to the fatal stabbing of e black youth. A 16-year-old youth was arrested and detained.

Up until now police efforts to pursuade black pareots to discipline their cbildren and keep them off the streets have been frustrated in many cases by widespread community anger at police tectics. Ashton, bowever, is in a country area.

Meanwhile, police and troops surrounded a Cape Town magistrates court yesterday when the Rev Allan Boesak and eight otber men appeared io court in connection with their arrest for attendiog a funeral in a black township last August without permission. The bearing was postponed. Dr Boesak, whose passport was confiscated by order of the Minister of Home Affairs earlier this week, is cballeoging the minister's decision through the courts.

AP-DJ adds: The National Union of Mineworkers, South Africa's biggest trade union, charged on Tuesday that some of the nation's mining companies had built up stocks of firearms and other equipment with the object of using them to suppress strikes.

The allegation follows admissions earlier this week by Anglo American Corporation and General Mining Union, the nation's two biggest mining bouses, that separate systems bad been installed at two Transvaal gold mines capable of spraying tear gas into some buildings neer the living quarters of black miners.

Mr Marcel Golding, the official spokesman for the 250,000-member black miners' union, esserted in an interview Tuesdey that the tear gas system was "only the tip of the iceberg." He said union members had reported stockpiles of weapons and ammunition at some gold mines and claimed that armoured vehicles are commonly used against strikers at South African mines.

A furore broke last week after the existence of the gas plans was made public by Mr Melcolm Fraser, the former Australian Prime Minister.

Gulf states hint at more neutral line on war

BY KATHY EVANS IN MUSCAT

LEADERS of six Gulf states eoded their four-day summit in Muscat on a subtle note signalling a desire for better relations with Iran and a more neutral stance in the five-year Gulf War.

Gulf officials said they believed that the Gulf states could play a more beneficial role if the policy of the six member states of the Gulf Co-operation Council was deemed to be more balanced aod neutral towards the conflict.

This subtle shift in policy by Saudi Arabia, Bahrain, Kuwait, Qatar, Oman and the Emirates, will inevitably be interpreted as a pulling away from total support of Iraq, said observers. In the past five years, the Gulf states, mainly Saudi Arabia end Kuwait, have provided some $40bn of assistance to Baghdad.

The summit's final communiqué referred to the "recent escalations" which leaders said "pose a threat to the security and stability of the entire region." Observers saw this as a veiled criticism of Iraq for its attacks on Iran's main oil loading terminal of Kharg Island and Iranian oilfields. The attacks have provoked the stopping and sometimes arrest of dozens of commercial vessels by Iran and led to fears that Iran may retaliate against oil installations in the Gulf area.

IRAQ claimed yesterday that its aircraft had attacked and seriously damaged an Iranian iron and steel works at Ahwaz, abont 50 miles east of the international border, writes Our Middle East Staff. A raid on Ahwaz was confirmed by Tehran radio bnt it gave no details beyond saying that several workers bed been killed.

The Greek tanker Canaria, 140,484 tons, was yesterday being towed into an Iranian port after being hit and seriously damaged by an Iraqi air attack on Tuesday. The vessel, which was part of the shuttle service between Iran's main oil terminal at Kharg Island and Sirri to the south, suffered a fire and flooding

The communique did bowever call on Iran to respect security council resolutions 540 and 552 concerning freedom of navigation in international waterways to neutral vessels.

Analysts believe that the Gulf Cooperation Council states may be trying to separate their relations with Iran from tbe overall issue of the Gulf War. The summit's final statament referred to the council's readiness to continue mediation efforts between the two parties "in a way that preserves the rights and legitimate interests" of both sides "as a step forward to normalise relations among the region's states." Meny see this desire to normalise relations with the Islamic Republic as the Gulf's best defence against terrorism.

Relations with the Soviet Union do not appear to bave been discussed et the GCC leaders' summit, but the establishment of relations with Moscow by Bahrain and the United Arab Emirates now appear in the offing in the near future, possibly before the end of this year.

A senior Bahraini official et the summit said that Bahrain supported Oman's recent move to establish relations with the Russians, and that it was only a metter of time before everyone would follow suit. He empbesised that the decision would be taken independently by the individual states. Observers said that the recent attack on e Saudi diplomat in Kabul could delay the kingdom's decision on the issue.

Gulf leaders also expressed support for continued mediation efforts between Syria, Jordan and Iraq, and condemned the Israeli attack on Tunis, wbile reiterating its support for the PLO.

It does not however appear to have made much progress on economic issues, which have commanded so much attention in the Gulf media.

Ethiopia aid chief wants investigation on spending

By Michael Holman, Africa Editor

A SENIOR official of the Ethiopian Government yesterday called for an investigation of the "discrepancy" between funds raised in Britain for famine relief and the amount actually spent in Ethiopia.

The call was made by Mr Dawitt Wolde Giorgis, commissioner of the Ethiopian Relief and Rehabilitation Commission (RRC), the government agency responsible for relief operations and which co-ordinates the work of nearly 50 non-government aid organisations active in the country.

"There is a great gap between funds collected in the United Kingdom and what has been received in Ethiopia," be said. "We receive information which is not compatible with information in the United Kingdom. There is a discrepancy."

The commissioner made "an appeal" to the press "to probe and create a sense of accountability between agencies and the public."

More than £100m has been raised in Britain for African famine relief over the past year.

His comments were greeted with a mixture of astonishment and concern by leading aid agencies, which promply disclosed details of their spending in Ethiopia.

Christian Aid said that in the year just ended in October it had received £4.7m in donations earmarked for Ethiopia and that all but £780,000 had already been spent on relief projects.

Oxfam officials said that more than £23m had been raised between May 1984 and July this year earmarked for Ethiopia and Sudan, "most of which" has been spent.

A Save the Children spokesman said that £18m had been raised in the year ended this October. Some £12m had been spent, approximately two-thirds in Ethiopia itself, and one-third on Ethiopian refugees in neighbouring Sudan. The balance was earmarked for projects under way.

A Band Aid spokesman pointed out that its fund-raising concert earlier this year, which helped raise £50m, was for famine and development work in Africa as e whole and not just for Ethiopia. Nearly £20m had already been spent and the balance would help support medium and long-term development projects which are being selected, be said.

Donor agencies expressed surprise that Commissioner Dawitt had not first raised the alleged "discrepancy" when be met agency representatives in London yesterday. They also feared that his call for an investigation could have an adverse impact en efforts to raise money for Ethiopia and other famine countries in 1986.

The Commissioner would not provide details of his charge yesterday but said that figures would be released within e month.

The commissioner made it clear that he was not suggesting that there bad been corrupt use of funds, rather that they may have been diverted to other countries or projects.

Elections called for troubled state of Assam

By K. K. Sharma in New Delhi

Parliamentary and state elections are due to be held in the troubled north eastern Indian state of Assam on December 16, the Indian Election Commission announced yesterday.

The decision to hold the elections follows the signing of e peace accord in August between Mr Rajiv Gandhi, Prime Minister, and militant student organisations on the vexed question of "foreigners" in the state.

In spite of the agreement, considered a political triumph for Mr Gandhi, state anthorities have asked New Delhi to draft in 43,000 troops.

An agitation to disenfranchise and deport the "foreigners" — mainly migrants from nearby Bangladesh—started in 1979. State elections held in 1983 were reduced to farce because of widespread violence.

Israel expects deficit of $5bn

BY WALTER ELLIS IN TEL AVIV

ISRAEL'S BALANCE of payments deficit this year is expected to reach $5bn, the same as for 1984, eccording to Mr Moshe Zichron, director of the Central Bureau of Statistics.

A $750m reduction in tha civilian deficit is likely to be offset by e similar increase in the cost of weapons purchased abroad.

A sbarp cut in the level of imports is one of the major economic targets of the present unity Government. The other is a fall in the rate of inflation, now hovering around the 170 per cent mark and likely to deteriorate somewhat in the remaining two months of the year.

The Government and the Bank of Israel both said this week that keeping inflation down remained e priority and that further cuts in interest rates—demanded by industry—could not be sanctioned so long as the threat existed of e consequent surge in money supply.

In spite of this firm line on the supply side of the economic equation, rises in the price of a number of industrial commodities were announced yesterday, and fruit and vegetable prices have rocketed since the summer. Officials stressed however, that the latest price changes — which had to be sanctioned by the Government — did not mean any change in the overall policy of price stability.

Mr Zichron said that gross real wages in Israel in the first 10 months of this year had dropped by around 12 per cent, with e particularly steep fall in the months following the imposition of e wage and price freeze in July.

This decrease in real wages bas assisted the Government in its drive for an improved industrial performance. Output in the period to the end of October moved up 8.7 per cent. Manufactured output rose by 9.5 per cent, while agricultural production, hit by foreign competition and drought, fell by 5 per cent.

The level of foreign exchange reserves, meanwhile, has continued to improve, helped by the recent injection of $750m in emergency aid by the US.

● Rabbi Meir Kahane, the Israeli MP who favours the expulsion of all Arabs from the Promised Land, appears to be losing his battle to hava racism built into the democratic system.

The Knesset, with the approval of the Attorney General, is expected to vote shortly on a change in house rules that would make racist bills unlawful, and the signs are that Mr Kahane will lose beavily.

Rabbi Kahane, who greets Arab eudiences as "dogs," has come up against the united opposition of his fellow MPs to proposed legislation that would limit the rights of non-Jews in Israel.

Death toll mounts in Philippines

By Samuel Senoren in Manila

SOME 1,100 Philippine troops have been killed since January in the Government'a battle against increasing insurgency. The death toll during the 10-month period already exceeds the number of govern- casualties estimated at about 1,000 for the whole of 1984.

Gen Fidel Ramos, the armed forces chief, said yesterday casualties on the rebel side had risen to 1,700 from about 1,000.

The number of civilian deaths was placed at 1,300.

● Gen Ramos says public complaints about alleged military violations of buman rights in the Philippines bave decreased during the past yeer, AP reports. In a letter published yesterday in the Manila economic newspaper Business Day, he said the number of complaints had fallen from 207 e month last year to an average 131 in 1985.

Tunisia allows value of currency to fall by 6-10%

BY FRANCIS GHILES

TUNISIA'S Central Bank has over the past four weeks discreetly allowed the dinar to lose between 6 and 10 per cent of its value against leading currencies. No official comments have been forthcoming and the authorities are keeping very tight-lipped indeed.

The authorities hope that this *de facto* devaluation will reduce Tunisia's large trade deficit, which last year increased by 12 per cent to dinar's 1.075bn (£960m). It should boost exports and belp to increasingly important tourist industry.

Measures to curtail imports ecross a wide range of products have already been taken earlier this year and resulted in a small decline in the trade deficit over the first six months of 1985, when it was cut by dinars 18m to dinars 444m compared to the some period last year.

Exports of refined oil products, superphospbates and textiles increased while food imports in particular increased, after last year's poor barvest.

Results for the second half of the year are expected to sbow e further improvement. The cereal crop this year is the best in living memory, thus reducing considerably the need for imports, while e good tourist season will provide a further boost to hard currency earnings.

● The bitter conflict between the Tunisian Government and the trades union, Union Generale des Travailleurs de Tunisie (UGTT) shows no sign of abating. In many Tunisian towns, groups of workers opposed to UGTT's secretary general Mr Habib Achour have taken over union buildings, often actively encouraged by the ruling Socialist Destour Party.

The official press wages daily battle against the UGTT leadership. Mr Achour's son was arrested last week on charges of embezzling funds while the Hotel Amilcar, in Carthage and an insurance company belonging to the union have been put under sequestration.

Mr Achour has been accused by the Prime Minister of lacking in patriotism during the long crisis between Tunisia and Libya.

For his part Mr Achour sees the campaign against the UGTT leadership as a way for Mr Mohamed M'Zali, the Prime Minister, to get rid of him. He retains much support in the union, particularly in the poor south and the pbosphate mining town of Metleoui.

Bernard Simon in Toronto reports on the centenary of the country's first coast-to-coast rail link

Lords hammer home a lesson in Canadian history

SHORTLY AFTER nine o'clock this morning Pacific Time, two British Peers, Lord Strathcona and Lord Shaugnessy, will commemorete a turning point in Canadian history by hammering an iron spike into a rail at Craigellachie, high in the British Columbia Rockies.

Lord Strathcona is the great-grandson of Mr Donald Smith, a financier who drove in the last spike exactly 100 years ago to completo the Canadian Pacific Railway linking the central Canadien Prairies and the cities of tho east to the resources and harbours of the Pecifie seahoard. Lord Shaugnessy's grandfather was assistant genoral manager of CP when the company completed the arduous four and a half year project in 1885.

The anniversary has given Canadians a chance to reflect on the railway's invaluable contribution in developing ond bonding together the disparate regions of their 4,338 mile-wide country. Tho CP line has since been augmented by another, more northerly transcontinental route operated by Canada's other railway conglomerate, the government-ownod Canadian National.

The commemoration also coincides with a vigorous renewal of Canada's railways and the transport industry in genoral. East of the site of today's ceremony, at Rogers Pass in the Selkirk Mountains, CP is building a nine-mile tunnel, the longest in North America, as part of a C$600m (£306m) project to increase tho capacity of the line which now handles almost half of Canada's wheat exports and the bulk of its other trade with the Far East.

Travellers with time to spare can still relive some of the odventure of transcontinental train travel in Canada. Via Rail, the loss-making Govornment ogency which now runs long-distance passenger services, still operates a daily train from Montreal and Toronto to Vancouver, taking three days to complete the journey.

The train is often late and the food and service are not what they used to be, but the views along the northern shores of Lake Superior, across the Prairies and through the Rockies remain spectacular.

Those in more of a hurry can taste the former elegance of rail travel at the stately "railway" hotels in many Canadian cities, most of thom still owned by CP. Despite recent renovations, the hotels retain the fool of a bygone era. With their high ceilings, big wooden doors and occasionally musty smells, the Chateau Frontenac, Royal York, Fort Garry and Palliser, to name four, remain landmarks in Quebec City, Toronto, Winnipeg and Calgary.

Canadian Pacific, which was teetering on the brink of bankruptcy when tho last spike was driven 100 years ago, has grown into Canada's second biggest private sector company, after General Motors' local subsidiary.

Driving the last spike: Donald Smith completes Canadian Pacific Railways' transcontinental line on November 7, 1885.

CP's subsidiaries, with 1984 revenues of C$14.6bn and earnings of C$377m now include Canada's second biggest airline (CP Air) and third largest steel producer (Algoma), one of the world's leading zinc producers (Cominco), and interests in oil and gas, forest products, food processing and real estate.

A few years ago, the future of the railway companies appeared bleak. Rail's share of total freight revenues slumped from 55 per cent in 1966 to 36 per cent in 1983. Canadian National suffered o C$223m loss in 1982. CP's total income slumped by 49 per cent that year, and the company cut back spending on track maintenance and equipment repairs. Labour productivity has been dismal.

Despite continuing volatility in earnings, the railways' long-term prospects have brightened considorably.

CP Rail's profits fell by more than a quarter in the first six months of this year, due largely to a poor grain crop and higher materials and fuel expenses.

On the other hand, the railway companies have been buoyed by the passage last year of the Western Grain Transportation Act, a politically sensitive law which will gradually raise rail tariffs on prairie grain, the largest contributor to CN and CP revenues.

Farmers will in future pay a greater share of transport costs strengthening the railway companies' internal resources for new investment and improving their borrowing capacity.

Mr Russell Allison, CP Rail's president, said that the new law "helped stave off a transportation crisis — e potential shortage of railway capacity."

The railways have begun to invest heavily again in modernisation and expansion. CN and CP will each spend about C$800m this year on new rail facilities, with similar outlays projected for the next decade.

The Rogers Pass project is the biggest since the transcontinental line was built. Due for completion in 1988, it includes 21 miles of new track in rugged terrain where snowfalls overage 30 ft a year. Half the new line will be through tunnels, with the aim of smoothing the gradient. At present fully-laden, westbound trains have to be pushed up the pass by up to six locomotives.

Passenger services are also investing in more modern equipment to win back traffic lost to airlines and cars. Via Rail last June placed the first locomotive order in 30 years for the transcontinental routes and is building two new maintenance centres at a cost of C$230m.

Transport deregulation in the US has given impetus to similar moves in Canada. The Federal Government outlined plans earlier this year to allow the railways greater freedom in setting tariffs, including confidential discounts to shippers and other measures to encourage price competition between CP and CN.

More market-oriented rules for the railways will be accompanied by limited deregulation of other forms of transport. In terms of the Government's proposals, domestie airlines will find it easier to enter new routes and to set their own fares. Curbs on mergers and acquisitions will be relaxed. CP Air is in the process of acquiring a Quebec-based regional airline as part of its efforts to challenge state-owned Air Canada.

There will be a second spike-driving ceremony at Craigellachio this morning to symbolise the rejuvenation of Canada's railways. After Lord Strathcona and Lord Shaugnessy have hammered the last spike of the first century of cross-continent train travel, Mr Allison and another senior CP Rail official will use e modern spike-driving machine to mark the start of the next 100 years.

Brazil vehicle output rises to highest level in five years

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZILIAN vehicle production in October reached its highest monthly level for five years, demonstrating that recovery in the local market is taking place at a much faster rate than manufacturers had forecast.

Output last month was nearly 113,000 vehicles, bringing the accumulated production figure for the first 10 months to 793,200 units, 10.7 per cent more than in the same period last year.

The October figure was, in fact, the third highest recorded in Brazil. It brought vehicle manufacturers back to the production levels they were achieving in their record years of 1979 and 1980 — a level they did not, until recently, expect to recover again until the end of this decade.

While the rate of export growth has recently slipped back, domestic sales are powering ahead. Stocks, both at the assembly plants and their distributors, are almost non-existent as consumers scramble for new models.

Despite these favourable indicators, the industry remains unusually conservative in its projections for the near future. Sr Andre Beer, president of Anfavea, the vehicle manufacturers' association, on Tuesday forecast only a 5 per cent increase in domestic sales next year.

Output would have been even higher last month if it had not been for a shortage of somo components and of skilled labour. Employment in the industry has risen by 15,000 to 120,000 compared with a year ago.

The accumulated production figures for the year, good though it is, also has to take into account the 38-day strike which hit the industry in April and May.

Richard Foster in Brazilia adds: Brazil's trade surplus for October was $1.11bn (£776m), the Government announced yesterday.

This brought the year's accumulated surplus to $10.25bn, within apparent reach of a year-end goal of $12bn.

Exports totalled $20.75bn. Brazil's export revenues have declined this year due to increased competition for manufactured goods, low commodity prices, and protectionist barriers in the US and Europe. In compensation oil imports have decreased both in volume and price.

Bolivians fear worst from tin price crisis

BY MARY HELEN SPOONER

AS THE International Tin Council nervously considered its options this week, nowhere was the news of the threatened collapse in tin prices received with more despair than in Bolivia.

Tin accounts for roughly one-third of the country's exports, and the prospect of reduced revenues from this commodity ironically comes just after the three-month-old Government of President Victor Paz Estenssoro sharply reduced import tariffs and applied a series of other free market measures in an effort to reverse nearly five year's of economic decline.

Comibol, Bolivia's state mining corporation, has lost over $150m (£104m) since 1976 (and has not issued an annual report since 1977).

The corporation, founded when the tin industry was nationalised during Bolivia's 1952 revolution, has for years been beset by virtually every possible management problem: repeated and prolonged labour strikes and a shortage of needed equipment and spare parts and a bloated pay roll.

Labour accounts for almost half of Comibol's operating costs, against an average of 30 per cent in other mining companies. Out of the corporation's 18 mining centres, only one was operating in the block last year.

Bolivia's state smelting company, Empresa Nacional de Fundiciones (Enaf), an important generator of foreign exchange, also suffers from similar ills: its foundry costs are the world's highest, and its deficit last year was estimated at over $100m.

Revenues from Bolivia's other mineral exports—lead, antimony, tungsten, zinc, copper and silver—also declined last year, along with sales of natural gas, the country's biggest singlo export.

Bolivia's private mining sector accounts for roughly one-quarter of the country's tin production, and well over half the national production of other minerals.

The private mining enterprises, which range from medium-sized mines to tiny deposits worked by one or two prospectors, had looked to the Mr Paz Estenssoro government's economic policies with some hope, as the previously overpriced peso had depressed their export revenues and encouraged mineral smuggling.

A collapsed tin market would hurt an important part of Bolivia's small private sector, which the authorities have identified as the key to an eventual economic recovery.

The tin price collapse will almost inevitably start more labour problems for the Mr Paz Estenssoro Government, which has shown greater willingness than its predecessor to crack down on Bolivia's 22,000 militant mine workers.

The Government's determination not to give in to trade union pressures is likely to be more severely tested in the coming months as the full impact of the tin crisis is felt.

Another, less savoury side-effect is likely to be an increaso in Bolivia's cocaine trade, which bas flourished into an estimated $2bn a year industry.

Guyana faces opposition poll boycott

By Canute James in Kingston

OPPOSITION parties in Guyana are threatening to boycott the general elections which have been called by President Desmond Hoyte, for December 9.

The opposition parties said they were unhappy about the electoral reforms Mr Hoyte had implemented, and were concerned about the procedures for counting votes.

Mr Hoyte called the elections fifteen weeks before they were constitutionally due, in what diplomats in Georgetown, the capital, said was an effort to consolidate his presidency, and to take advantage of public support for plans for electoral and economic reform.

The elections will see somo changes to Guyana's much-criticised electoral system. Parliament recently voted to end postal voting, and to severely reduce overseas and proxy voting. Foreign human rights organisations and local politicians have accused the incumbent Socialist People's National Congress of fraudulently using these measures to keep it in office for the past 21 years.

The major opposition, the Marxist People's Progressive Party, and other parties expected to contest the elections, including the Working People's Allience, which is also Marxist, and tho Conservative United Force, have argued that the changes approved by Parliament are only a start, and that wider reforms are necessary.

Dr Cheddi Jagan, leader of the PPP, said his party may boycott tho olections unless the Government agreed to have ballots counted at the polling stations. In previous elections ballots have been taken from polling stations before thoy are counted.

Chile protests lead to over 200 arrests

By Mary Helen Spooner in Santiago

OVER 200 people were arrested in Chile during a 48-hour "social mobilisation" yesterday and on Tuesday. Chilean opposition groups called the protest to demonstrate against the imprisonment of six labour and political activists charged with violating the country's internal security laws during an earlier protest against General Augusto Pinochet's regime on September 4.

The prisoners, who include the president of Chile's 23,000 member copper mineworkers' union, Mr Rodolfo Seguel, are continuing e hunger strike begun on October 13 in Santiago's penitentiary.

Chilean army troops patrolled the capital's poor and working class neighbourhoods, and bus loads of para-military riot police were stationed in Santiago's central business district.

Police reported that at least seven people were wounded by gunfire, and 16 policemen injured during sporadic clashes between protestors and Chilean authorities.

A series of bombs exploded on Tuesday night and early Wednesday morning, causing a massive power cut throughout most of Santiago and central Chile.

The protest, backed by the Democratic Alliance, a centre left opposition coalition, labour unions and left wing political organisations, was not supported by the growing number of conservative Chileans opposed to the regime, and illustrated the persistent divisions over tactics among the country's opposition groups.

ECGD policy change hits Egypt contracts

BY TONY WALKER IN CAIRO

EGYPT HAS decided against purchasing more than £1m worth of pipes from British Steel for o refinary project because nf disappointment at the decision by the UK's Export Credits Guarantee Department to move it into highest risk category D for new cover, according to a senior Egyptian official.

Mr Mustafa Rifai, chairman nf the Cairo-based engineering centre for tha Petroleum and Process Industries (ENPPI) said British Steel was informed last week the steel pipes' contract was being placed elsewhere. British Steel confirmed that negotiations with Egypt had been discontinued.

Egypt's displeasure over the ECGD reclassification of its credit rating is threatening contracts worth between \$20m (£14m) and \$30m already awarded to UK companies fnr the Asyut refinery in npper Egypt. Egypt has protested at the higher cost resulting from the increased ECGD premium.

The cost of the Asyut refinery, on which the first stage is expected to be completed by mid-1987, will be about \$200m. More than a dozen UK companies had successfully bid for parts of the project.

Mr Rifai said ECGD's decision, taken abont tha middle of tha year, to reclassify Egypt had affected contracts with suppliers in a "retroactive manner." He said ENPPI was considering alternative suppliers for tha Asyut refinery.

"Although wa wish to proceed with our contracts with British suppliers we may have to place certain ordars elsewhere where mora favourable conditions are available," ba said.

Tha Asyut projact, in which a number of Italian and French suppliers are involved, would go ahead on schadule.

Among the UK companies affected by the dispute between Egypt and ECGD are Ingersoll Rand, Chubb Fire Security and Worthington Pumping Systems. Mr Rifai said that new technical exaluations would not be required because this work was done at tha time tha original bids were assessed.

Seoul asks 23 groups for N-power plant bids

By Steven B. Butler in Seoul

THE SOUTH KOREA Electric Power Company (Kepco), a Government-owned utility has issued invitations to 23 companies to bid for contracts in the construction of two 900,000Kw nuclear power plants.

Competition for the contracts is expected to be intense because of worldwide slack in nuclear power plant construction.

Bids are due in March. Construction will begin in 1989, completion is scheduled for 1996, and total construction costs are expected to reach about won 2 trillion (£2.5bn).

The nuclear plants will be Korea's 11th and 12th but unlike previous ones, contracts will not be awarded on a turnkey basis. Instead a Korean company, possibly Korea Heavy Industries, will be the main contractor with a foreign contractor providing design and engineering services.

Kepco officials have said that some 30 per cent of the construction costs will be for payments tn foreign companies, and that willingness tn share technology will be a major factor in awarding the contract.

Brussels seeks court backing on services

BY PAUL CHEESERIGHT IN LUXEMBOURG

THE European Court of Justice, the highest legal tribunal in the European Community, was yesterday asked by the Commission, supported by the UK and the Netherlands, to back a drive for greater freedom in the services sector.

"We are asking the court to open the door to the same kind of freedom for services as it has done for the movement of goods," said Mr Ernst Steindorff, counsel for the Commission.

The Commission has taken Denmark, France, Germany and Ireland to tha court, arguing that their restrictions on insurance business are contrary to the Treaty of Rome, which established the EEC.

The court yesterday rounded off a series of written procedures with oral proceedings which will be the prelude to an opinion on the case from Sir Gordon Slynn, the court's advocate general, leading to a judgment next year.

The case has what Mr Steindorff called "very considerable ramifications" because the arguments boil down to the notion of whether a service provided in one country of the Community should be available without hindrance elsewhere.

The British and Dutch governments place great store on openiog up hitherto closed insurance markets as an essential step towards the creation of a genuine Community internal market. Londoo is particularly anxious to see the expansion of markets for the British insurance industry.

But in the court, the defending countries are supported by Belgium and Italy, pointing to the deep divisions within the Community nn the issue.

Arguments centre on whether the four defending countries are in breach of article 59 of the Treaty of Rome which states that "restrictions on the free supply of services within the Community shall be progressively abolished in the course of the transitional period." That period for the original members ended in 1970.

In 1978 the council passed a co-insurance directive, designed to facilitate joint efforts by insurance companies from different countries to ensure major non-life risks. The charge against the defending countries is that by demanding the leading insurer comes from the country where the risk is and that by setting a minimum contract size for co-insurance, they have breached the terms of the directive, and, by extension, article 59.

For West Germany, the whole system of its national regulation is at issue as the Commission has espoused the case of Mr Franz Schleicher, a Bavarian broker fined in Berlin for placing business on behalf of German clients in the London market.

The combination of these two elements led Counsel yesterday to argue about the terms for national supervision of insurance. Mr Steindorff argued that companies did not need the protection of the law when it came to choosing their insurers and that protection for the insured is not necessary in non-life cases when it is not socially critical.

For West Germany, the only obligation of principle in article 59 is to ensure that there is no discrimination between national and foreign companies in the opplication of its domestic regulations.

Protection of those insured is needed in the public interest, according to Danish and Irish argument. This justifies in the Irish view the practice of officially authorising companies offering insurance.

France contends that freedom to provide services is not absolute. In the absence of harmonised laws, the EEC states retain the right to regulate or prohibit services.

Brazil set to ease way for first aluminium can plant

BY ANDREW WHITLEY IN RIO DE JANEIRO

CACEX, the Brazilian foreign trade authority, is expected shortly to approve the import from the US of machinery required by the Reynolds Metals Company to establish a \$55m (£38.5m) aluminium can plant in Brazil.

Reynolds, the smallest of the multinational aluminium companies operating in Brazil, intends to use the equipment to install the country's first aluminium can plant, with an annual capacity of 700m units.

Apart from beiog o significant development for the local aluminium industry, which is struggling to cope with the effects of low primary metal prices, this will be the most important new foreign investment in Brazil for over a year.

The anticipated decision to authorise the import of \$2m worth of used equipment—from a deactivated plaot in the US—and \$8m worth of new maebinery, follows last week's decision by Sr Roberto Gusmao, the Industry and Commerce Minister, in favonr of the projeet.

Stiff resistance to the Reynolds proposal, on nationalist as well as vested interest grounds, has eome from the two Brazilian producers of steel eans, tha Matarazzo group and Rheem Metalurgica SA, a former subsidiary of City Investing Co, the Los Angeles-based financial group.

Brazil, with its 134m population, has a potentially enormaus market for eanned drinks. But latest statistics show that the per eapita consumption of soft drinks and beer from cans in Brazil is only four a year, compared with 600 in the US.

Whether the aluminium ean will take off in Brazil is debatable. Critics argue that the higher initial cost of the product will deter eonsumers. And they say that the country does not have a tradition of re-cycling used moterial, essential for the economics of the project.

A battle to secure the U.S. plant has been waged in recent months between the states of Rio de Janeiro and Minas Gerais's victory dealt another tive offers of fiscal incentives and other assistance. Minas Gerais's victory dealt another blow to the declining industrial park of Rio de Janeiro.

Pakistan selects companies for counter trade project

BY JOHN ELLIOTT IN ISLAMABAD

THREE international trading companies have been chosen by Pakistan to launch the country into its first official programme of counter trading, which the Government hopes will boost its flagging exports by \$500m (£350m) in the coming year.

The companies, chosen from a list of abont 50 applicants, are Sukab of Sweden and Marco of Switzerland which have each agreed to do \$200m nf export business and Mitsubishi of Japan which is to do \$100m. A further batch of agreements for another \$500m might follow within a year, taking the total of counter trading business to \$1bn.

Islamabad is apprehensive abont the possible disadvantages of counter trading, and this has held up a final decision on the plan, which is awaiting the go-ahead from President Zia-ul Haq and Prime Minister Muhammad Khan Junejo.

Counter trade is being tried because the Government can think nf no nther way to improve its exports which last year totalled only \$2.4bn, far short of a target of \$3.1bn. This result is unlikely to be improved much this year, according to present trends.

The country's trade imbalance is more than \$3bn a year against imports of \$6bn. The overall position bas been worsened during the past three years by a sharp decline in remittances from Pakistanis working abroad.

Pakistan has been experiencing problems exporting its major surpluses of cotton amounting to about its annual crop of 5.5m—6m bales, as well as products from its new steel mill in Karachi and leather hides and manufactured products. It also has a \$190m surplus of carpets exports of which have suffered a 19 per cent decline this year.

In all these areas it has been hit by falling international prices, international protectionism and lack of Pakistani exporting expertise.

So it has decided to try to persuade countries in the Middle East, where it buys oil, and nther countries such as Sri Lanka, Malaysia and Japan, where it buys tea, edible oils and engineering products, to match these imports with counter trade purchases.

Individual Pakistan companies have traded by barter for several years. The trade has involved eight East European companies, Sukab of Sweden and Kemira of Finland. It amounts to about \$300m a year.

Midland Bank launches export finance scheme

By Christian Tyler

THE Midland Bank has launched a new kind of export financing scheme designed to fill the gap left by tha withdrawal of a similar facility run by the UK Export Credits Guarantee Department.

The Government announced recently that the ECGD's short-term bank guarantee scheme was being phased out over two years because of falling demand and financial losses.

It is understood that Mr Paul Channon, Trade Minister, delayed his announcement until ba was satisfied that banks would create substitute schemes.

The Midland appears to be first into the breach with an offer to guarantee 90 per cent of the value of a company's short-term exports sold on credit of 180 days.

The company does not have to bold an export insurance policy to qualify, the bank said, but can eome in under the bank's own ECGD policy.

It claims the scheme was simpler and more attractive than a similar service launched some six months ago by Exfinco, a new company.

Both the Midland and Barclays Bank already run special schemes for smaller exporters.

Mr Campbell Dunford, managing director of Midland International Trade Services (UK), said the Midland's scheme had been "specially negotiated" with the ECGD.

He pointed to a need for such a service at a time when short-term non-oil British exports were rising, but medium term sales were falling.

India invites investment in electricity plants

By K. K. Sharma in New Delhi

INDIA is to encourage foreign investment in projects for electricity generation during the next five years, Mr Vasant Sathe, Eneregy Minister, has announced.

The move is part of the Government's driva to encourage private investment in the industry so the country can meet its generation capacity needs by 1990 when the seventh five year plan ends.

Mr Sathe said he had been encouraged by the response that the policy of permitting private investment in power projects had received since it was announced several years ago. Although he admitted that so far no proposals had been approved.

All the proposals have been made by Indian private companies and a majority is for power plants for industries facing idle capacity because of the enormous shortage in electricity generation in India.

Tha shortage of power is due to slippages in installing capacity in the sixth five-year plan period ended March 1985, and heavy cuts in funds allotted for power projects in the seventh plan, details of which are to be unveiled next weekend.

Mr Sathe said Indian companies making power plant equipment, such as Bharat Heavy Electricals, would receive preference in contract awards, and foreign bids would be accepted only if Indian companies did not have production capacity

Deal on Ulster draws closer, say Tory MPs

BY HUGH CARNEGY AND PETER RIDDELL

IRISH AND British ministers met in London yesterday amid speculation among senior Tory MPs at Westminster that an agreement on Northern Ireland could be announced within the next two weeks.

Mr Dick Spring, the Irish Deputy Prime Minister, and Mr Peter Barry, Foreign Minister, met Sir Geoffrey Howe, Britain's Foreign Secretary, and Mr Tom King, Northern Ireland Secretary, for two hours. Neither side commented publicly.

There was speculation in Dublin that it was the last in a series of ministerial meetings and that the two governments would now decide separately if they could accept the deal on the basis of progress made so far.

Officials in London said it was not necessarily the last ministerial meeting and that talks would continue, but they said a summit between Mrs Margaret Thatcher, Prime Minister, and Dr Garret FitzGerald, the Irish Prime Minister, drew nearer.

According to Tory MPs, the British Cabinet discussed the issue last week and appears to have agreed on the substance of a deal, with only the details still to be resolved.

Any agreement is expected to include some consultative role for Dublin in northern affairs, a move bitterly opposed by Unionist leaders as a breach of sovereignty.

Dublin is also believed to be seeking reforms in the north's security forces and judicial processes in return fnr increased co-operation in the fight against the Irish Republican Army (IRA).

The main nbstacle to an agreement appears to be the difficulty of striking n deal which Mrs Thatcher can persuade the majority Protestant community in Northern Ireland to accept, and which for Dr FitzGerald represents sufficient concessions from Britain to satisfy opinion in the Republic.

Earlier this week Mr Douglas Hurd, the former Northern Ireland Secretary and now Home Secretary, dismissed some reports about a pending deal as "wild rumour," but he made clear that the UK Government was determined to press ahead with the discussions despite the strong criticisms of Ulster Unionists.

He added that the province would remain part of the UK for as long as the majority of Ulster people wanted it to.

Big names ruled out as buyer of troubled JMB

City's hot potato goes up for sale

By David Lascelles, Banking Correspondent

IT HAS taken the Bank of England more than a year to clean Johnson Matthey Bankers (JMB) up enough to stick a "For Sale" notice outside. But JMB is still a hot potato rather than a hot cake, and the sale is unlikely to be speedily concluded, even if buyers appear in droves which, judging by informal soundings, they will not.

It also appeared – although the Bank hotly denies this – that yesterday's announcement was brought forward to steal some of the thunder from Mr Brian Sedgemore, the Labour MP who is threatening to use tomorrow's debate on the government's legislative programme to produce more potentially embarrassing allegations about the way the clean-up has been handled.

With more than £100m of public money at stake, the Bank is not surprisingly keen to be seen to be doing everything it can to recover it.

Evidence of haste is the fact that neither the Information Memorandum being prepared by Baring Brothers, the merchant bank, for potential buyers is ready, nor are the audited accounts by Price Waterhouse on the 15 months since JMB had to be rescued. Crucial questions about how JMB's eventual purchaser would be insulated from the welter of legal actions triggered by the crisis have also to be addressed. So any sale negotiations would have, at this stage, to be highly tentative.

The Bank is hoping to sell JMB in one piece, including its commercial banking business (which is where the trouble lay), its commodities trading subsidiaries and its core bullion business. Two small insurance broking subsidiaries will be seld seperately.

If buyers appear for only parts nf the bank, however, the Bank may be forced to split it up and dispose of, or wind down, whatever is left, which would most likely be JMB's ill-starred commercial loan side.

JMB is also exposed to the present crisis in the tin market through its metal trading offshoot, although a Bank of England official says that is small and no source of concern.

Why, though, should anyone want to buy a bank with n name synonymous with trouble? One attraction might be its membership of the tight-knit London gold ring (although the purchaser would have to be approved by the other four members if JMB were to stay in). Since gold is traded both as n commodity and a financial asset, it has a broad appeal, particularly for banks. It is also an essential part of the product range carried by investment banks.

But gold is in the doldrums, and although JMB's bullion business is profitable, one banker described it yesterday as "n pretty boring property." For a non-bank there is also the chance to own an institution carrying a full banking licence – and the Bank's sanitation seal.

The Bank is hoping for about 30 inquiries, but those are unlikely to include any obvious names. All the UK's largest banks ruled themselves out yesterday. Barclays, Lloyds and NatWest said they were too involved in the City Revolution to take on n big new business. The fourth of the big four, Midland Bank, already owns Samuel Montagu, a member of the gold ring. Royal Bank of Scotland, which has n small bullion-dealing division, is not interested, either.

A remote possibility is that an existing member of the gold ring will put in a bid and merge the two businesses to achieve economies of scale. Some people believe the gold market might benefit in its present state from rationalisation of trading capacity.

Among non-banks, Exco, the large money-broking company with a £400m cash hoard will not be applying, and Britannia Arrow, the financial services group that was interested earlier in the year, now faces the uncertainty of n takeover bid from Guinness Peat.

A foreign buyer is likely, although Citicorp of New York, which might have put in a bid a year ago, is trying to digest other recent acquisitions in the UK. Bank of Nova Scotia, which was a potential rescuer of JMB nt the time of the crisis and is keen to develop its gold business, is a possibility. A continental European, possibly Swiss or German, bank might also come forward.

Any buyer would have to be fairly substantial. The Bank of England is looking for a price that would cover both its £100m investment in JMB and the indemnities put up by itself and n group of UK banks to cover JMB's heavy losses. Those at present amount to about £30m, but might rise when the final reckoning is made.

Whether the Bank actually makes a profit on the deal will depend on how potential buyers value JMB's franchise in the bullion markets, which is probably its greatest asset. Other considerations include the bank's tax losses, which might be valuable, and whatever damages, if any, JMB obtains from its lawsuit against its auditors Arthur Young (although the purchaser would also assume the cost and effort of the legal nction).

The final ignominy for the Bank, after all the criticism it has suffered since become embroiled in the JMB affair, would be to fail to recover all the money it had put into it.

Purchasing policies of TV groups to be investigated

BY RAYMOND SNODDY

THE OFFICE of Fair Trading (OFT) has decided to press ahead with an inquiry into the programme purchasing policies of British television companies after a US distributor formally complained of price fixing.

Sir Gordon Borrie, OFT director general, is considering launching a formal investigation under restrictive trade practices legislation.

The OFT is taking a harder line after a written complaint from Mr Kevin O'Sullivan, president of World Vision, the US company which distributes Dallas, the oil industry drama.

The dispute over Dallas broke out when Thames Television was accused of breaching "a gentleman's agreement" because it put in a higher bid for the programme, which was already being shown on the BBC.

In its submission to the OFT World Vision also alleges that British broadcasters try to drive down the price of programmes bought from the US by co-ordinating what they bid for and when.

Mr Bryan Cowgill, former managing director of Thames, who resigned over the Dallas affair, gave Sir Gordon confidential documents in September, including notes of meetings on Dallas at the Independent Broadcasting Authority (IBA), which regulates independent television.

Earlier this year the OFT wrote informal letters to the BBC, the IBA and the Independent Television Companies Association, asking if British broadcasters were involved in attempts to fix prices. All three denied that such practices existed.

The OFT is looking at the broadcasters' programming purchasing policy in the light of the Competition Act and the Fair Trading Act as well as restrictive practices legislation.

The US Trade Commission has been involved and it is believed that the issue has been raised at the highest political levels in the UK.

If there is any potentially anti-competitive agreement between Britain's broadcasters it should be regitered with the OFT. It can be reviewed by the Restrictive Practices Court to determine whether or not it is in the public interest.

The CFT said no such agreement had been registered.

MPs may discuss Lloyd's regulation

BY JOHN MOORE, CITY CORRESPONDENT

THE REGULATORY system of the Lloyd's, the London insurance market, may come under examination when Parliament debates legislation designed to reform the regulatory structure of London's financial community.

Mr Peter Miller, Lloyd's chairman, told n meeting of members of the market that "although Lloyd's is not involved in the financial services bill, it is clear that any examination of self-regulation in the City (of London) will look at our experience at Lloyd's.

"I believe that we have a record of achievement over the past three years that we can be proud of and we should not hesitate to stand up and say so."

In the last few days Mr Bryan Gould, the Labour Party's deputy spokesman on trade and industry, has said that amendments would be tabled to the bill to include Lloyd's if there were no clauses to cover its future regulation.

Mr Miller said a report on regulation of the City of London prepared by Professor Jim Gower, legal adviser to the Department of Trade and Industry, and a Government White Paper (policy document) on the future legislative plans "did not concern themselves with Lloyd's, its names (the members) and assureds, but rather with investor protection."

He said members of Lloyd's "are not investors, but rather people who individually carry on the business of insurance through an agent of their choice at Lloyd's."

There were parallels between the degree of protection which the Bill would seek to give investors and the degree of protection Lloyd's offered its members through its own self-regulation system.

In a review of Lloyd's affairs at the meeting Mr Miller said the cost of the new Lloyd's building would be £163m, an increase of £8m on the most recent projections.

TUC cool on NUM backing

By Philip Bassett, Labour Correspondent

THE TRADES Union Congress yesterday told the National Union of Mineworkers in a confidential policy document that there was only "limited scope, if any" for n TUC-sponsored NUM campaign against the breakaway Union of Democratic Mineworkers.

The TUC approach, after a meeting between the NUM and the TUC marks a distancing by the labour organisation from the NUM as well as a strong desire by both parties to take a positive line on the acute crisis facing the NUM and the industry.

TUC officials acknowledge in the paper both the current strength of the UDM, and its potential for expansion, particularly in the most productive collieries.

The TUC's "inner-cabinet" proposed conciliation by the TUC between the NUM and the UDM. It received no response to the suggestion from the NUM.

"The scope for conciliation between the NUM and UDM must depend on the positions of the two organisations and their willingness to enter into the conciliation process," said the paper.

It stressed the need for the NUM to purge its contempt of court next week: "If the NUM is to functinn effectively and meet the challenge of the UDM it clearly needs to recover control over its funds (blocked by the courts) and the ability to use them, very urgently."

Some TUC inner-cabinet members were even firmer in their emphasis on the importance of the NUM apologising to the court.

"If that goes right then from our point of view the days of the UDM may be numbered," one said.

The NUM president, Mr Arthur Scargill, surprised some TUC leaders by making no specific demands from the labour organisation and they felt the influence of other NUM executive members, particularly Mr Mick McGahey, vice president, may be making itself more strongly apparent.

After the meeting, Mr Scargill said the TUC's position on the UDM "remains unchanged," and refused to respond to claims by some rebel miners' leaders in Yorkshire, northern England, that as many as 17,000 NUM members in the area – about a third of the union's membership there – may be ready to break away.

Redundancy fight may hit Mirror

PRINT WORKERS at the Thomson Withy Grove plant, Manchester, where northern editions of The Mirror newspaper are printed under contract, voted by 10 to 1 to take industrial action over redundancy pay.

Mr Robert Maxwell, publisher of Mirror Group Newspapers (MGN), had planned to buy the plant and take on the 713 print workers employed there, but the deal collapsed six weeks ago. The plant is now scheduled to close next month.

Mr Maxwell issued notices of dismissal to all 6,000 MGN employees earlier this week and gave n warning that he would shut the titles for 18 months if union agreement to shed a third of the workforce was not secured by November 30.

□ **DEMAND** for executives and top specialist staff in the UK plunged in April–September, said the Hay-MSL management consultancy. "These latest results provide firm statistical evidence that the downturn is here," Hay-MSL said. "If past events repeat themselves there will be still fewer job opportunities available to managers in 1986 and 1987."

□ **STOCKBROKER** Wood Mackenzie, which is merging with Hill Samuel, the merchant bank, is to open an office in Tokyo offering research and dealing services in Japanese stocks. Wood Mackenzie intends initially to develop its research activities around the international pharmaceutical sector and the international electronics industry.

□ **FEWER PUBS** and less choice of beer would be one outcome if the Elders bid for Allied-Lyons succeeded, according to Mr Merlyn Rees, who was Home Secretary in a former Labour Party Government. Mr Rees, whose parliamentary constituency in the northern England city of Leeds includes the Joshua Tetley brewery of Allied Lyons, asked for the bid to be referred for official consideration. He said it would "mean a highly geared asset-stripping operation."

□ **THE BRITISH** Government is not convinced that counterfeiting of trade marked goods should be made n criminal offence, according to Mr Michael Howard, Minister for Corporate and Consumer Affairs. Pressure for tougher laws against counterfeiting, estimated to cost £40bn a year internationally in lost trade, is growing in the EEC.

UK NEWS

Andrew Fisher examines the thinking behind BR's £182m train order

A face-lift for local railways

PASSENGERS on British Rail's (BR) provincial and non-London suburban routes should be in for a pleasant change during the next two or three years as the company implements a campaign to win back passengers from buses, coaches and cars.

On Tuesday BR announced £182m worth of orders for new trains – £130m of which will be for 468 Sprinter diesel vehicles to serve local and cross-country routes. The rest will go on 184 vehicles for the planned cross-London electric train link.

"There's nothing more depressing than some of our diesels," Mr John Edmonds, provincial service director, said yesterday.

"They smell of diesel oil, they're too noisy, and they have poor seating." The Sprinters, to be built by BR's engineering subsidiary British Rail Engineering Ltd (BREL), Metro-Cammell and Leyland Vehicles, will showed marked improvements. Just replacing the locomotives would save £3.5m a year on fuel and £8.3m on maintenance, BR said.

The Sprinter train which is intended to improve the service on British Rail's provincial routes

With the Sprinters BR will offer a better service and provide an extensive network of linked routes.

Over the next three years BR will take delivery of 856 new provincial vehicles costing more than £200m. The total will include 568 Sprinters, the rest being smaller Railbuses for short hauls.

BREL is disappointed that it has not won more of the orders. It will build 170 of the 70-tonne Sprinters – each with its own power and driving cab. Metro-Cammell of Birmingham, 160km north of London, part of the Laird group, will build 228; Leyland Vehicles, part of BL, will build 70.

BREL will also build the dual-voltage electric trains for the cross-London line.

"We're pleased we got the orders," said Mr Geoff James, BREL's manufacturing director. "It secures employment for the next two years, but we're disappointed we didn't get the major share." Its share of the total order package is about half.

Metro-Cammell's £65m share of the orders represents the first major work to be carried out for BR for about 25 years. It recently won a £30m overseas contract to supply 75 railcars for the Kowloon-Canton Railway, but has cut its workforce sharply since 1983.

Metro-Cammell will take on extra staff to cope with the BR work, having lost out on recent foreign and domestic business.

Some equipment for the Sprinters, the gearboxes and final drives fitted on the axles, will come from West Germany. But BR did not seriously consider building the vehicles abroad, reckoning that British producers were capable of supplying good, competitively priced products.

BREL, however, is keen to win overseas business for the carriages and powered vehicles it is now building. With BR going for competitive tendering, it faces stiffer competion for its traditional UK business as the latest orders have shown.

Car dealer campaigns help set sales record

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE PROSPECT of record UK car sales in 1985 looms larger than ever. Boosted by continued heavy promotional campaigns and special dealer incentive schemes registrations last month were 5.3 per cent higher than in October 1984.

This improvement lifted the total for the first ten months to a record 1,633,338, or 4.4 per cent more than the 1,563860 in the same period last year.

The previous record for January-October was set in 1983, when sales reached 1,598,844 and went on to establish the present annual record of 1,791,699.

Imports last month accounted for 57.17 per cent of the total, according to Society of Motor Manufacturers and Traders' statistics, down from 60.46 per cent for October 1984.

The main factor was that both the US groups, Ford and General Motors (Vauxhall-Opel), provided more of the cars they sold last month from their UK factories. About 60.2 per cent of the Ford cars registered were British-built, against 52 per cent in October 1984. GM's UK-built cars accounted for 45.5 per cent, compared with 38.4 per cent.

For the ten months, GM, which has been severely criticised by the UK Government for large imports from its continental European factories, has increased the number of cars supplied from its British plants from 41 per cent to 43.66 per cent of total sales. However, Ford has gone into reverse with a decline from 57.2 per cent to 54.5 per cent.

This was one of the reasons for the level of imports to increase from 57.56 per cent of the ten-month total last year to 58.41 per cent so far in 1985.

BL's fall in market share last month compared with October 1984 reflected a major Austin Rover sales campaign, involving special dealer incentives, which peaked in the middle of October last year. However, its present campaign is designed to reach a peak in the middle of December.

Top ten best-selling cars in October were: Ford Escort, 9,236 sold; Vauxhall Cavalier, 9,074; Austin Metro, 8,760; Ford Fiesta, 7,968; Vauxhall Astra, 6,767; Ford Sierra, 6,443; Austin Montego, 5,855; Austin Maestro, 4,670; Rover 200 series, 3,548 and Ford Orion, 3,533.

UK CAR REGISTRATIONS

	October 1985	%	October 1984	%	Year to date 1985	%	1984	%
Total market	130,406	100.00	123,869	100.00	1,633,338	100.00	1,563,860	100.00
UK produced	55,859	42.83	48,973	39.54	679,245	41.59	663,666	42.44
Imports	74,547	57.17	74,896	60.46	954,093	58.41	900,194	57.56
Ford	30,805	23.62	23,560	19.02	425,464	26.05	434,032	27.75
BL	25,314	19.41	28,738	23.20	299,189	18.32	281,388	17.99
General Motors (Vauxhall-Opel)	21,088	16.17	15,058	12.16	271,321	16.61	252,660	16.16
Peugeot/Talbot	4,158	3.19	4,510	3.64	65,958	4.04	62,112	3.97
VW-Audi	6,373	4.89	8,176	6.60	95,103	5.82	87,085	5.57
Nissan	8,511	6.53	11,899	9.61	91,655	5.61	94,782	6.06
Renault	4,679	3.59	4,757	3.84	64,267	3.93	54,199	3.47
Volvo	4,929	3.78	4,424	3.57	52,171	3.19	52,970	3.39
Fiat Auto	4,338	3.33	3,984	3.22	48,605	2.98	43,011	2.75

Source: Society of Motor Manufacturers and Traders

UK NEWS—PARLIAMENT: THE QUEEN'S SPEECH

Government will pursue privatisation programme to improve efficiency

The Queen, opening the new session in parliament yesterday said:

My Lords and Members of the House of Commons, I look forward with great pleasure to receiving His Highness the Amir of Qatar, their Majesties the King and Queen of Spain and the President of the Federal Republic of Germany and Freifrau von Weizsaecker on state visits during the next 12 months.

I also look forward to paying a state visit to Nepal in February, followed by visits to New Zealand and Australia and to paying a state visit to China and visiting Hong Kong in October.

My Government continues to attach the highest importance to the maintenance of national security and the preservation of peace with freedom and justice. They will continue to play a full and active part in the Atlantic Alliance and to enhance the United Kingdom's own defences. They will make vigorous efforts to combat international terrorism.

My Government will continue to work for progress in arms control and disarmament negotiations and for greater co-operation and trust between East and West.

My Government welcome the accession of Spain and Portugal to the European Community and will introduce the necessary legislation. Within the Community, they will work for improved decision taking, strengthened co-operation on foreign policy, early completion of the common market, improvements in world trade rules and reform of the Common Agricultural Policy.

While honouring their undertakings to the people of the Falkland Islands, my Government will continue to seek more normal relations with Argentina. They will also continue to discharge their obligations to the people of Hong Kong; and will propose provisions to implement the nationality arrangements arising from the Sino-British Joint Declaration.

My Government will work for peaceful and fundamental change in South Africa with the European Community and the Commonwealth; for the restoration of peace and stability in Lebanon; and for solutions to the conflict between Iraq and Iran and the Arab/Israel dispute. They will seek to restore an independent and non-aligned Afghanistan. They will support United Nations efforts for a settlement in Cyprus, and those of the Contardora Group to resolve the tensions in Central America.

My Government will give full support to the Commonwealth, and play a constructive role at the United Nations. They will maintain a substantial aid programme; play their part in the relief of famine and of other disasters; and encourage investment in developing countries.

Members of the House of Commons: estimates for the public service will be laid before you.

My Lords and Members of the House of Commons, within the framework of firm monetary and fiscal policies designed to secure a continuing reduction in inflation, my Government will do all in their power to encourage the growth of new jobs. Firm control of public expenditure will be maintained, with a view to diminishing its share of overall national output and facilitating further reductions in the burden of income tax.

My Government will pursue vigorously their programme of privatisation, as a means both of improving the efficiency of the industries concerned, and of encouraging wider share ownership. Measures will be introduced to permit the transfer of the assets of the British Gas Corporation to the private sector and to enable the Atomic Energy Authority to operate as a trading fund from April 1 1986 with a capital structure and borrowing powers.

A Bill will be proposed to introduce private capital into the British Airports Authority, to require larger local authority airports to be fomed into companies, and to regulate certain airport activities.

My Government will bring forward legislation to introduce commercial management to my naval dockyards, as a significant contribution to encouraging a commercial approach and securing value for money in spending on defence.

Legislation will be introduced to facilitate funding by the industry of agricultural research, advice and related services; and to implement European Community arrangements to protect areas of particular environmental sensitivity.

Measures will be introduced to establish e new regulatory framework for the financiel services sector, which will enhance its efficiency and competitiveness while providing greater safeguards for the interests of investors, and to modernise and liberalise the law governing building societies.

Measures will be brought forward to reform the operation of wages councils, to make provisions concerning the payment of wages and to amend the law on sex discrimination in employment.

Legislation will be introduced to encourage the sale of public sector flats to their tenants and wider private sector involvement in the ownership and management of council housing, and to improve the planning system.

For Scotland, Bills will be introduced to extend the rights of public sector tenants and to facilitate the private ownership of public sector housing stock, to improve legal aid arrangements, and to modify and extend the management structure of salmon fisheries, including further measures to combat illegal salmon fishing throughout Great Britain.

In Northern Ireland my Government will continue to support the security forces in enforcing the law and in working for the eradication of terrorism. They will seek widely acceptable arrangements for the devolution of power. They will seek to improve further their co-operation with the Government of the Irish Republic. Renewed efforts will be made to create and sustain employment, particularly by the encouragement of the private sector.

A Bill will be introduced to reform security.

Legislation will be introduced for England and Wales to improve the management of schools and to promote the professional effectiveness of teachers.

Measures will be introduced to strengthen the powers of the police in combating disorder, to modernise and codify the common law public order offences in England and Wales and to provide the courts in England and Wales with power to confiscate the proceeds of drug trafficking and to penalise the handling of such proceeds.

A Bill will be introduced to remove statutory restrictions on shop opening hours.

A Bill will be brought before you to make new provision for the protection of animals used for experimental or other scientific purposes.

Other measures will be laid before you.

My Lords and Members of the House of Commons, I pray that the blessing of Almighty God may rest upon your counsels.

The Queen and Princess Anne driving from Buckingham Palace.

Princess Anne listens to the speech.

Thatcher promises tax cuts and firm grip on spending

BY IVOR OWEN

FURTHER CUTS in income tax were promised by Mrs Margaret Thatcher, the Prime Minister, in the Commons yesterday at the start of the six-day debate on the Queen's Speech setting out the Government's programme for the new parliamentary session.

She stressed that the Government was able to hold out this prospect because it had kept public spending firmly under control and refused to yield to demands to reflate the economy.

Mrs Thatcher contrasted the Government's determined efforts to keep public expenditure in check with the numerous commitments to increase spending given by Mr Neil Kinnock since he became leader of the Labour Party in October, 1983.

She accused him of having given "the most reckless promises ever made" and of advocating policies which could only lead to a return to higher inflation.

The Prime Minister emphasised that it was because the Government wanted to see a further fall in Britain's annual inflation rate that it "totally and utterly" rejected the policy of reflation.

She caustically recalled that it was said that socialism was founded to help the working man to keep more of the fruits of his own labour.

To government cheers, Mrs Thatcher declared: "Today's socialists want to take more. It is we Conservatives who believe that people have a right to keep more of their own earnings."

Mr Kinnock had earlier accused the Government of having abandoned the pretence that it had established firm control over the money supply.

He claimed that Mr Nigel Lawson, the Chancellor of the Exchequer, had made it clear in his speech at the Mansion House last month that after the continuing record of flop and failure, the money supply figures really did not matter anymore.

"What we have now is rule by interest rate rise and public expenditure cuts," he protested.

Mr Kinnock's charge that the Government's increasing reliance on this approach was a "sure recipe" for a further rundown of the economy leading to more tension and crime in inner city communities was flatly rejected by the Prime Minister.

She maintained that a policy which enabled people to keep more of their own earnings was the way to an efficient, competitive and more prosperous economy.

The Prime Minister said: "You have to be firm on public spending to be fair to the taxpayer."

"Firm monetary and fiscal policies designed to secure a continuing reduction in inflation would be the framework within which the Government would carry forward its programme for the new session.

Waving aside Labour cries of disbelief, Mrs Thatcher underlined the fact that as a result of the Government's "coosistent and sound" financial policies Britain was now enjoying its fifth year of uninterrupted economic growth at an average of 3 per cent a year.

It was the first time since the Second World War, she said, that the nation had had such a long period of growth coupled with both balance of payments surpluses and low inflation.

The Prime Minister urged those who talked disparingly of the performance of manufacturing industry to bear in mind that last year had seen record manufacturing exports, a 14 per cent increase in manufacturing investment and the biggest rise in manufecturing output—4 per cent—since 1973.

While admitting that the number employed in manufacturing was still falling she pointed out that the decline in the labour force bed started in the mid-1960s, as it had in every Western industrialised country.

It was a trend which reflected changes in technology and the fact that many goods were made more cheaply in the countries around the Pacific basin and in South East Asia.

Mrs Thatcher was adamant that British industry had become more efficient. Manufacturing productivity had increased dramatically and last year profitability—the foundation of future growth—had been at its highest since 1973.

Mr Kinnock argued that the Prime Minister's repeated promise not to "reflate" really meant that the Government was not prepared to undertake the repair of houses, hospitals, roads or railways.

Nor was it prepared to invest in modernising British industry to ensure that there was a strong manufacturing base, when North Sea oil ran out.

Condemning the Government's failure to take effective action to deal with unemployment, Mr Kinnock warned that it was creating an insecure society which led to aggression as well as anxiety.

While poverty could not be an excuse for crime, he asked if any rational person could believe that the fact that there had been a 40 per cent rise in crime during the Government's period of office had come abont at the same time as the obvious increase in hopelessness brought about by unemployment, deprivation, and divisions could be a pure coincidence.

Mr David Steel, the Liberal leader, described the Government's record on crime as "appalling."

He insisted that the police should not be used as a "buffer"

Mr Steel said unemployment was a "major root cause of the increase in crime with people taking to law breaking not as part of the criminal fraternity but almost as a way of life."

Re-affirming the Liberal-SDP Alliance's strategy for stimulating the economy to create growth and jobs, he called on the Government to start at once on strengthening manufacturing industry.

Margaret Thatcher and Front Bench colleagues.

The Opposition Front Bench before leaving the Commons

Spirit of Tolkien and Hancock

The spirit of the novelist J. R. Tolkien and the comedian Tony Hancock were conjured up yesterday by Sir Reginald Eyre, the Conservative MP who delivered the curtain-raising backbench speech at the start of the new parliamentary session.

It is the tradition for the MP proposing the loyal address to boast about the attributes of his constituency and apparently Sir Regionald had discovered that this unlikely couple had been born in Hall Green, Birmingham, which he represents.

The veteran Tory backbencher could be on to something. On the day when the Government unvelled its plans for the coming year it seemed appropriate to invoke the name of Tolkien, who fantasised the perpetual struggle of Good against Evil, and Hancock whose dreams of grandeur always ended in the seedy surroundings of Railway Cuttings, East Cheam. With a bit of promotion they could become the patron saints of British government.

For his part Neil Kinnock, the Labour leader, opening the debate, made great play with flesh and blood characters he had met on his travels. At least we assume they are flesh and blood.

It was a development of the curious habit which started at the Labour Party conference when he regaled us with the wisdom of an ageing pit man in his constituency who had some nasty things to say about Arthur Scargill's handling of the miners' strike.

These characters of Mr Kinnock have an apocryphal air about them and some even suspect that they are as fictional as Bilbo and Frodo in Tolkien's "The Lord of the Rings."

Mr Kinnock recalled another constituent whose observations conveniently illustrated the hollowness of the Tory claim that those listed as unemployed were not really seeking work.

PARLIAMENTARY SKETCH

If this wasn't enough, we had reminiscences about Bob Miles, a friend of Mr Kinnock's dad, 50 years ago. When asked whether he was looking for work, Bob had replied: "Seeking work? Why, you see this whippet beside me, it was a racehorse when I started."

Unfortunately this example of folk humour from Wales left the Commons audience rather bewildered.

Mr Kinnock had more luck with a jibe at his fellow countryman Roy Jenkins of the SDP who was absent from the Chamber at that point but came in later.

The Labour leader observed that everybody could tell from Roy's accent that he was a Welshman.

"Cheap, cheap," protested Alliance MPs angrily. No, insisted Neil. Whatever you could say about Roy's posh accent it certainly wasn't cheap.

Mrs Thatcher also relied heavily on quotations from third parties — in her case from ministers past and present on both sides of the House.

Mr Kinnock had recalled the speech made during the Tory Party conference by Peter Walker, the Energy Secretary, when he had complained that people now find the Tory Government remote and uncaring.

There were some moments of high comedy when Mrs Thatcher attempted to deal with this inconvenient speech by the one beleaguerd wet remaining in the Cabinet.

She professed that she was delighted that her Rt Hon Friend had decided to get it off his chest. In a highly selective fashion she then listed the passages which she approved of, particularly Mr Walker's warning of the dire consequences of a Labour victory at the next general election.

The Liberal leader, Mr David Steel, concluded that it was a "tinkering Queen's Speech — all presentation."

He too had his troubles as Mr Nicholas Winterton, the Tories' one-man wrecking crew, roared interruptions from the other side of the House.

Earlier the Speaker, Mr Bernard Weatherill, had read out the traditional orders which list hideous penalties for anyone committing annoyances "therein or thereabouts" the Palace of Westminster.

Judging by Mr Winterton's behaviour there will be the usual difficulty in imposing this ancient ordinance.

John Hunt

Call for referral of Elders bid

By Peter Riddell, Political Editor

FURTHER PRESSURE for the Elders bid for Allied-Lyons to be referred for official consideration has come from Mr Merlyn Rees, the former Labour Home Secretary.

In letters to Mr Leon Brittan, the Trade and Industry Secretary, and Sir Gordon Borrie, the director-general of Fair Trading, Mr Rees argues that the bid raises questions of public interest.

Mr Rees, whose Leeds constituency includes the Joshua Tetley brewery of Allied-Lyons, said that the nature of the bid would "mean a highly geared asset stripping operation similar to those ventures of the early 1970s that contributed to the secondary banking crisis of 1974."

He said that apart from competition criteria, wider issues must be the undesirability of US-style leverage bids and a large injection into the UK money supply.

He suggested that the range of beers offered by Tetley and the type and number of pubs operated would be less.

Opposition attacks lack of initiatives to reduce unemployment

BY KEVIN BROWN

THE GOVERNMENT was attacked by both Labour and Alliance spokesmen in the Lords yesterday over the lack of initiatives in the Queen's Speech specifically designed to reduce unemployment.

Lord Cledwyn of Penrhos, Labour's Leader in the Lords, said the Government was stuck on a course of high interest rates and low output. The Queen's Speech gave no indication that things would be any better in 12 months' time.

"It is a most depressing prospect, and there is nothing in the Speech which would lead us to hope that positive constructive action is going to be taken to deal with it," he said.

Lord Cledwyn said the Government's proposals for law and order legislation to curb disorder in the inner cities had to be balanced by appropriate social measures.

"The Queen's Speech seems totally bankrupt when it comes to new and hopeful policies on these crucial issues," he said.

Lord Cledwyn warned that extremists were waiting to profit from trouble in the inner cities. "For the country's sake I hope the Government will listen very carefully to what is said from all sides of the House."

Lord Diamond, for the Alliance, urged the Government not to try to avoid its responsibility for the tragedy of unemployment, which now affected nearly 4m people.

He suggested the Government's concentration on the expansion of the employed workforce was intended to divert attention from the continuing high level of unemployment.

This was denied by Lord Whitelaw, the Leader of the Lords, who said the Government was working for the growth of new jobs "purposely to reduce unemployment."

Lord Whitelaw was challenged by Lord Cledwyn to repeat comments he made eight years ago as an opposition spokesman in the Commons in which he said unemployment was a factor in social unrest.

He told peers: "Unemployment is a factor in the social difficulties we have, and it has to be met by social measures as wel as by economic measures. I have never had any doubt about that, but it is only one of many other factors."

Lord Whitelaw said he had never been afraid of repeating himself when he was right. This interpretation of the effects of unemployment is substantially different in tone, however, from that put forward by the Prime Minister and other senior ministers in the Commons.

Opening the Lord's debate on the Queen's Speech, which will continue all this week, Lord Cledwyn said the new session of parliament gave the Government an opportunity to redeem itself.

Recalling the Chinese tradition of naming years after animals, he said the last session would be known as the year of the banana skin because of the sound of Conservative ministers "skidding and thumping in the corridors of power."

Lord Cledwyn warned that the Lords faced "a very heavy session" because of the volume of controversial legislation, some of which would start its passage through Parliament in the Upper House.

He said the Bill to privatise British Gas would waste e great deal of parliamentary time. The public sector gas industry had been an acknowledged success. "Why not leave it alone?" he asked.

Lord Cledwyn said ministers would claim they were giving British Gas back to the people. This was balderdash.

"They know and we know that after privatisation the gas industry will belong to a small number of people who are accountable to no one. This is not the way to lead Britain back to prosperity," he said.

Lord Cledwyn welcomed the proposed legislation to deal with drug trafficking, and promised support in principle for arrangements to devolve power in Northern Ireland, as long as these were "widely acceptable."

He said Labour would want to give close scrutiny, however, to the Government's plans to reform wages councils and social security benefits.

Lord Diamond said the Alliance would wait to bear the Government's detailed proposals for the privatisation of British Gas. But he said Liberal and SDP peers would want to be satisfied that the Government was not simply transferring a public monopoly to a private monopoly with no safeguards.

At first sight, the proposals seemed a continuation of the Government's policy of selling off the family silver to pay for the groceries and to provide tax concessions, he said.

Lawson hopes to make autumn statement soon

BY PETER RIDDELL, POLITICAL EDITOR

MR NIGEL LAWSON, the Chancellor, hopes to be able to make his autumn economic statement next Tuesday afternoon, ahead of the debate on the economy next Wednesday.

The timing of the autumn statement will be known later today following a Cabinet discussion on public spending. Next Tuesday would be the most convenient date since it would make the evidence available before Wednesday's discussion when both Mr Lawson and Mr Roy Hattersley, the Shadow Chancellor, are due to speak on the final day of the Queen's Speech.

Mr Bernard Weatherill, the Speaker of the Commons, yesterday announced that it had been agreed that the main subjects for debate would be: today, Home Affairs; Friday, Foreign Affairs and Overseas Development; Monday, Social Security and Education; Tuesday, Industry and Employment; Wednesday, the economy.

Other subjects can be raised on these days but the topics determine who will be the main government and opposition speakers.

On Wednesday, Mr John Biffen, the Leader of the Commons, will wind up for the Government and is expected to explain how the Commons will decide whether to go ahead with the experimental televising of its proceedings.

A debate is likely to be held the following week on the establishment of a cross party select committee to examine the practical problems.

UK NEWS—THE QUEEN'S SPEECH

BRITISH GAS

Tight timetable for a record sale

THE SALE of British Gas will be the largest privatisation project for this Government by a big margin and in some respects it could be the most difficult.

The value of the corporation, which is to be sold as a single concern, is still uncertain because it will depend not only on market conditions at the time of sale but also on the outcome of a debate currently in full swing in Whitehall about how the private monopoly is to be regulated.

The indications are that the Government intends to set up a regulatory body with a fairly simple remit, mainly to oversee the price of gas to consumers. For the first five years prices will be governed by a formula known as Inflation minus X plus Z.

This means that gas prices must rise by an "X" factor less than the inflation rate, but will be allowed to reflect rises in the average cost of gas supplies to the corporation—the "Z" factor. The "X" factor may be set at 1½ to 2 per cent and is in effect the improvement in internal efficiency expected from the corporation.

Much will depend on the details of this formula as well as the rigour with which it is applied.

The looser the discipline over British Gas's pricing to customers, the higher its expected profits and therefore the more attractive shareholders will find the stock. However, the corporation's profits in the medium term will also be closely affected by its ability to use its position as a dominant buyer of North Sea gas to obtain advantageous terms from oil companies. This in turn will depend on how far the writ of the new regulatory body runs in the negotiation of North Sea contracts and the general area of depletion policy.

A warning note was sounded immediately after the Queen's speech yesterday by Mr Philip Jones, chairman of the Electricity Council, who said it was important that the pricing policy should not put the 23m electricity consumers at a disadvantage.

The electricity industry is worried that its prices will be forced up by the Treasury for revenue reasons, while the pricing formula for British Gas might allow it to hold back price rises, for a while at least, in order to increase its market share.

The valuation of British Gas now being discussed in Whitehall is in the range of £6bn to £8bn, roughly the same as British Telecom.

However, if market conditions seem favourable, the Government is hoping to sell the gas corporation in three or four tranches of about £2bn each.

The timetable for the sale looks tight, considering that some questions about the regulation of the monopoly have yet to be decided. The Government wants to publish the enabling Bill for the sale by the end of the year, or very early next year.

This would need to receive the Royal Assent by the end of the summer, so that the flotation can go ahead as planned in the autumn of 1986.

It is important for the Government to keep to this timetable if it wants to be able to announce significant tax cuts in the next two Budgets.

The Treasury's accounts treat the proceeds of asset sales as negative public expenditure, so that they would enable tax cuts to be made without pressure on the borrowing requirement. It has been argued within the Treasury that asset sales put a burden on future taxpayers, and should not therefore be used entirely to lighten the burden on today's taxpayers. However, this idea has proved politically unpopular.

The sale of British Gas could prove to be more difficult than that of British Telecom because of the size of the issue. In spite of the easier gilt-edged funding strategy since the early summer, such a large flotation could give the City indigestion if market conditions became adverse.

A second difficulty is that British Gas cannot be represented as a high technology stock with rapid growth potential.

At the consumer end, the UK market has only limited potential for expansion, although it is not saturated. As average gas prices rise towards the marginal cost of production by the end of this decade, gas appliances are unlikely to become more competitive.

Investors' views about the growth potential of the stock will therefore depend upon the extent that they think that the corporation will be able to diversify into other profitable businesses including oil and gas production.

Max Wilkinson

THE PRIVATISATION PROCEEDS

Figures, net of costs, in £m

	1979-83	1983-84¶	1984-85¶	1985-86¶
British Petroleum	284	543		
British Aerospace	43			346*
British Sugar Corporation	44			
Cable & Wireless	182	263		8
Amersham International	64			
National Freight	5			
Britoil	334	293		431*
Associated British Ports	46		51	
International Aeradio	80†			
British Rail Hotels	30†	15†		
British Gas (Wytch Farm)			82†	
Enterprise Oil			380	
Sealink			40†	26
Jaguar			297†	
British Telecom			1,352	1,160*
British Technology	527	43	168	
North Sea oil licences	228			
TOTAL	1,847‡	1,157	2,491	1,937

* Some costs not yet finalised. Payment due from further instalment.
† Proceeds retained by parent industry.
‡ Excludes advance oil payments technically classified as privatisation receipts.
§ Subject to market conditions, the Government will sell its remaining shares in Cable and Wireless before the end of the financial year.
¶ Estimates.

PLANNING

Cutting a swathe through traditional constraints

FURTHER legislation aimed at simplifying the planning system in order to lift some of the constraints which hold back the development of job-creating businesses, will be introduced by the Government.

The basis for the changes were laid out in *Lifting the Burden*, the July White Paper which reinforced the Government's determination to encourage greater freedoms within an expanding business sector.

The large number of administrative and legislative regulations which new and established companies had to face acted, claimed the White Paper, as "a brake on enterprise and the wealth and job-creating process." Further moves towards deregulation were essential, it added.

Ministers believe that, despite recent efforts to streamline and speed-up the planning process—70 per cent of all planning applications are now decided within eight weeks—there is ample scope for further progress towards establishing a system which encourages development yet protects the environment.

The Government has already put in hand a review of the Use Classes Order, which enables land and buildings to be used for various purposes without the need for planning permission and has published plans for simplifying procedures under the Town and Country Planning Act 1971. Moves to improve the efficiency of major public inquiries are also in hand.

The most significant extension of existing planning policy proposed in the Queen's Speech entails the creation of a new category of planning area, the simplified planning zone, which will extend to other locations the type of planning regime already established in enterprise zones.

Despite criticism that the enterprise zones, with their range of financial benefits for occupiers, have had a detrimental impact on adjacent areas, Ministers regard them as a success and are keen to see the zone concept—if not the direct fiscal incentives associated with it—further extended.

Under the plan, local authorities would be able to specify the type of development permitted in an area, so that developers can then carry out projects which conform to the scheme, without needing planning permission or having to pay the related fees. Planning permission for other types of development can be applied for in the normal way.

The Government believes that the system can provide a positive stimulus to the redevelopment of derelict or unused land and buildings in areas badly in need of regeneration.

In an attempt to ensure that the initiative for establishing the new planning areas is not left entirely with the authorities, the Government is expected to ensure that the private developers themselves have the right to initiate the creation of a simplified planning zone and that Ministers can also direct their preparation.

Michael Cassell

HOUSING

The next stage: flat ownership

LEGISLATION WILL be introduced to encourage the sale of public sector flats to their tenants and to widen private sector involvement in the ownership and management of council housing.

The proposed legislation will tackle the three principal barriers to the Government's policy of making more people responsible for their own housing, as first enshrined in the Right to Buy legislation in the Housing Act 1980.

The Government wants to promote home ownership by all available means, and the new legislation will concentrate on smoothing out the remaining difficulties in selling public sector housing, particularly council flats.

As well as making it easier for tenants to buy their flats, the new legislation will also focus on ways of helping public sector landlords gain possession of dwellings they own so that they can be sold to private developers; and of establishing new housing management schemes.

The first measures will tackle the problem of service charges.

They will give better protection against heavy service charges levied on tenants who buy their leasehold flats; firm estimates of anticipated charges; instalment arrangements for large charges and mutual agreement on improvement schemes.

The Secretary of State for the Environment has already outlined details of the proposed service charge legislation in a consultation paper, Housing: the Right to Buy: Service charges, published on October 22 1985.

The next measures will tackle the problem of safeguarding tenants' rights when run-down and difficult to let council estates are sold to private developers to be refurbished and sold as cheap housing.

The new legislation will clarify the entitlement of displaced tenants to compensation, and specify their safeguards when public sector landlords want to repossess their homes so they can be sold.

The final area of legislation will make it possible for the management of problem estates to be transferred to new agencies such as co-operatives, housing associations, and management trusts.

The Government is to allow banks and building societies to offer conveyancing services—but only on a restricted basis.

The plan is to allow financial institutions to offer conveyancing services to everyone except their own borrowers.

The Government is planning enabling legislation that will allow the Lord Chancellor to exempt corporate bodies from those provisions of the Solicitors Act which ban financial institutions from entering the conveyancing market. But the Lord Chancellor will then be able to impose regulations on the way conveyancing services are provided—such as banning the big institutions fro mselling conveyancing services to their own borrowers — without further reference back to parliament.

Joan Gray and Sue Cameron

AIRPORTS

More competitive outlook likely

THE British Airports Authority welcomes the prospect of privatisation. It sees it as improving its operational flexibility, allowing it to develop and diversify its highly profitable commercial activities.

The local authorities which own airports are, however, likely to be less enthusiastic about plans requiring the larger authorities to form their airports into limited companies, with some injection of private capital. Some see in the move the possibility of losing control over what has been a significant asset.

The authority's seven airports —Heathrow, Gatwick, Stansted, Glasgow, Prestwick, Edinburgh and Aberdeen—will be restructured into separate airport companies under a holdings company.

These will produce separate accounts; any loans from one company to another will therefore be "transparent" and will be required to be made at full commercial rates of interest. This is particularly significant, since in the past the BAA has centralised its revenues, using money derived from profits on, say, Heathrow, to help finance major developments at other, less profitable airports.

The effect of this legislation seems likely to be a more aggressively competitive outlook by the less profitable airports, as they try to generate more cash

Overall, it is thought that the BAA's valuation for privatisation will amount to between £450m and £520m.

So far as the major local authority airports are concerned, it seems likely that the major candidates that will be required to form public limited companies will include Manchester, Birmingham, Bristol, East Midlands, Leeds/Bradford, Liverpool, Luton, Manchester, Newcastle, Southend and Teesside. In all, there are 23 local authority owned airports in the UK, but it is unlikely that all of them will be obliged to form companies.

But while those authorities would initially be able to hold the shares in such public limited companies themselves, the Government is clearly looking for them to offer part at least of the shareholdings to private subscribers in the regions, to stimulate a wider ownership of airports.

● THE GOVERNMENT intends to go ahead with its plans to privatise the management of the Royal Dockyards in Devonport and Rosyth.

The dockyards employ around 19,000 people, with a turnover of about £400m a year. Legislation to bring in commercial management from outside will be introduced.

Michael Donne and Andrew Fisher

THE OTHER MAIN POINTS

The new financial framework

A NEW regulatory framework for Britain's financial services communitythe Bill behind the City's "big bang" is a key feature of the legislative programme writes John Moore.

Financial organisations ranging from merchant banks and large stockbroking concerns to small firms of investment advisers are to be supervised in a formal regulatory framework. The legislation is designed to give more protection to investors.

The Government plans to introduce the legislation in December. It will allow City interests to police their own markets, but within a statutory framework.

The legislation will contain a comprehensive definition of investment and investment business. The Government intends for to make it a criminal offence for anyone to operate an investment business without authorisation. Those operating such businesses will have to satisfy the Department of Trade and Industry or a self regulatory organisation recognised by the Department of Trade and Industry that they are "fit and proper."

Two practitioner-based bodies have already been established. These are the Securities and Investments Board, chaired by Sir Kenneth Berrill, which is drafting the conduct of business rules to cover the regulation of securities and other investments. The other is the Marketing of Investments Board Organising Committee, chaired by Mr Mark Weinberg, which is drafting the rules to cover the marketing of prepackaged investments such as life insurance and unit truts.

Life assurance companies are to be subject to rules on marketing. Powers will also be taken to regulate the minimum content of offer documents, with all such documents made subject to the same statutory requirements.

Home loans revolution

MEASURES to "modernise and liberalise" the law governing building societies are to be introduced in the current Parliamentary session, as foreshadowed in a Green Paper in July 1984, writes Clive Wolman.

The measures, further details of which have been disclosed in recent months by Mr Ian Stewart, Economic Secretary to the Treasury, will allow building societies to offer cheque-clearing and other money transmission services. They will also be allowed to own estate agent subsidiaries, to make unsecured consumer loans and to offer investment and insurance services.

In the housing field, societies will be permitted to own and develop residential land, to manage residential property and to participate in shared ownership arrangements. However, a society will be allowed to commit to these new and higher risk activities no more than a total of 5 per cent of its assets.

Atomic body's new structure

The UK Atomic Energy Authority is to operate as a trading fund, with a capital structure and borrowing powers, from April 1 1986, writes David Fishlock.

Since it was created from a former Ministry of Supply activity in 1955, the authority has been a grant-aided body.

The proposed legislation follows a review by the Department of Energy, the Treasury and the UKAEA. This concluded that the authority should move further towards a commercial operation, based on identifying customers willing to pay for research and development activites.

LABOUR MARKET

Fresh drive to ease regulatory burdens

LABOUR MARKET measures announced in the Queen's Speech show a marked ideological contradiction—but one the Government can do little about.

Two of the legislative proposals—on wages councils and on moves towards cashless pay —are clearly in line with the drive led by Lord Young, Employment Secretary, towards easing the regulatory burden on business. However, the third, on equality legislation, will work in the opposite direction.

The three areas to be covered by forthcoming legislation are:

● Wages councils. The Government will bring forward a Wages Bill to cover both this issue and its cashless pay move. Originally, the Government posed a stark choice between abolishing the 26 wages councils—which set minimum rates of pay and conditions for about 2.75m often low-paid workers —and reforming them wholesale. Its apparent preference was for the former.

Under the much modified terms announced yesterday, people under the age of 21 will be removed from the wages council network, and the council's provision will be limited to setting single minimum hourly and overtime rates.

● Cashless pay. Since the Truck Acts passed in the 19th century, British workers have enjoyed the right to be paid in cash for their work. Many companies increasingly believe this to be anachronistic, and would prefer to pay their employees through their banks.

The Wages Bill will repeal the Truck Acts and their associated legal controls, making the method of wage payment—cash, cheque, direct bank credit, or others—a matter for individual contractual agreement between employers and their employees.

In addition, the Bill will introduce controls to protect employees from unlawful deductions from their wages.

● Sex equality. The principal amendments the Government will make to the 1975 Sex Discrimination Act on equality of employment conditions and opportunities are being made unwillingly, following a European Court judgment in November 1983.

Failure to comply would place the Government in breach of its EEC obligations, but the Government is pressing for the relevant piece of EEC legislation to be amended.

Philip Bassett

LAW AND ORDER

Crackdown on violence and racial intimidation

LAW and order, one of the Government's most popular electoral issues, will dominate this session of Parliament with measures aimed at eliminating street violence, football hooliganism and racial intimidation.

Public alarm at the rapid growth of hard drugs abuse among the young is reflected in the decision to legislate for the power to confiscate the proceeds of drug trafficking, a measure likely to be deeply controversial in Parliament and very difficult to operate.

Since the Government decided in spring to bring in public order Bills this session there has been a fresh outbreak of urban rioting in Britain. The Popplewell report urging tougher measures against football hooligans, and renewed protests and demonstrations in London against the South African Government.

The new public order powers will be based broadly on the Review of Public Order Law White Paper published in May and will update the 1936 Public Order Act. March organisers will have to give seven days notice to the police and the power of police to impose conditions on outdoor demonstrations will be widened to such an extent that they will be able to control numbers, location and udration of gatherings.

The powers will be limited to assemblies which threaten to result in serious public disorder, serious disruption or the coercion of individuals. Discretion to interpret "serious" will be in the hands of the police, who have shown a rising tendency to ask for bans—11 requests between 1970 and 1980 but 75 between 1971 and 1984.

An important change if used cautiously by the police will be the power to ban a single march. This replaces the blanket ban which was introduced to prevent charges of political or racial bias but which has been abused by some extremist groups.

March and demonstration organisers will have a right of challenge in the courts to safeguard their rights. Mr Leon Brittan, then Home Secretary, told the Commons in May that individuals had the right to protection against being bullied hurt or intimidated by violent demonstrators, rioters, mass pickets or football hooligans. But he added: "The rights of peaceful protest and assembly are among our fundamental freedoms; they are numbered among the touchstones which distinguish a free society from a totalitarian one."

Mr Douglas Hurd, the new Home Secretary, has the same instincts, and his task in securing this legislation will be to assure doubters that there are enough safeguards to prevent the police, for example, moving a demonstration from the Trafalgar Square frontage of South Africa House to a sidestreet and limiting its stay to one hour.

Less controversial will be the replacement of some common law offences with statutory offences. The most significant is the new offence of disorderly conduct which is specifically designed for football hooligans but which will be applicable to all acts of hooliganism which cause alarm, harassment or distress. The penalty will be a fine. Further up the scale, there will now be statutory offences of threatening behaviour (maximum sentence six months' jail), affray (maximum three years), violent disorder (maximum five years) and riot (maximum 10 years).

The offence of incitement to racial hatred will be extended to cover not only conduct likely to stir such hatred but also conduct intended to do so. And there wil be a new offence of possessing racially inflammatory material with a view to distribution or publication. This will also cover material circulated to members of an association.

The new measures to help trace, freeze and confiscate the proceeds of drug trafficking are likely to be widely welcomed. There will be a new offence of handling the proceeds of drug trafficking except in so far as he a presumption that anyone convicted of drug trafficking had derived all his assets from trafficking except insofar as he showed the contrary.

Robin Pauley

SOCIAL SECURITY

The headache of the session

THE QUEEN announced the Government's major headache for the new legislation session in a single nine-word sentence: A Bill will be introduced to reform social security."

Before Mr Norman Fowler, Social Services Secretary, presents his Bill to Parliament he wants to publish a White Paper. However, the proposals on securitiy and pensions are both causing such difficulty that this move, originally due this week, appears to be more than a month away.

After 18 months of careful study, Mr Fowler outlined his proposals for reform in a Green Paper in June. This has since attracted around 7,000 responses, the overwhelming majority hostile.

The most controversial plan was that to abolish the State Earnings Related Pension Scheme (Serps). Treasury objections to the £1bn or more rise in public borrowing which would be caused by tax allowances on the additional private schemes resulting from its abition led to a revised proposal to phase the scheme out by the end of the century. Serps would ultimately have delivered an earnings-related pension to around 11m of the lower paid section of the working population.

The uproar united all sides of the political spectrum, employers and employees, the Church, the unions and the pensions industry. Only the Institute of Directors and the Monday Club supported Mr Fowler and in the frantic search for damage limitation the arguments about the future cost of Serps vanished along with the original ideological argument that it was not the state's function to provide wealth-related income for the retired, rather than safety net payments through the basic pensions scheme.

As a result, even the phased abolition of Serps may now be dropped from the Bill and instead measures will be introduced to try to cut its cost. One of these will be a greater concentration on measures to ease portability of pensions. If more people were coaxed into the private sector and contracted out of the state scheme, the implied costs of Serps would fall, although such an approach is contrary to Mr Fowler's original intentions.

Many of the social security changes have also encountered stiff resistance. Although there is some support for dropping supplementary benefit and Family Income supplement in favour of a simplified system of Income Support tilted towards families with children, there was very little support for paying a lower rate to the under 25s and this proposal is now likely to be dropped.

The abolition of many special single payments and their replacement by a discretionary Social Fund to which people in hardship over, for example, funeral expenses would have to apply has aroused great controversy. Mr Fowler seems likely to drop the plan to cash-limit this fund.

Robin Pauley

EDUCATION

Teachers' work appraisal

SIR KEITH JOSEPH, Education Secretary, has carried out his threat to take power requiring local education authorities to make systematic appraisals of teachers' work. But he still hopes he will not need to use it.

He first held up the threat in an attempt to get the teachers' unions and the local education authority employers to agree on introducing a system for appraising school staff. But the tactic foundered on union opposition, particularly from the National Union of Teachers.

Now the NUT has lost its absolute majority over other unions in the Burnham pay-negotiating committee, however, Sir Keith feels that appraisals may yet be brought into force by quasi-voluntary agreement. What he would like most is for the agreement to be part of a settlement of the teachers' pay dispute.

Other effects of the educational legislation promised in the Speech will include empowering central Government to require local authorities to spend a specific amount of money on in-service training for teachers.

A further Bill, "to improve the management of schools," will prevent political patries running local councils from dominating schools' governing bodies by appointing a majority of council nominees.

In future each governor appointed by the local authority will be matched by one chosen by parents. Heads and teachers will have minority representation, and the governing bodies will be able to co-opt other members of the community, including employers.

A notable omission from the Speech is reference to another of Sir Keith's repeated threats — to legislate to stop universities from granting newly appointed academic staff lifelong tenure of their jobs.

Michael Dixon

SHOP HOURS

Stores ready to go, but staff worried

The Government yesterday committed itself to remove statutory restrictions on shop opening hours.

The bill to remove restrictions on shop opening hours is likely to be published before Christmas and is expected to become lew by the early summer. A recent MORI poll of MPs suggested that more than 72 per cent of all MPs are in favour of abolishing the Shop Acts 1950-65, although it is likely that there will be outspoken criticism from both Tory and Labour backbenchers for different reasons.

The timing of the bill is crucial. If it is published before Christmas it may check retailers planning to flout the law, as many intended to do last year. Then a stern rebuke from the Prime Ministar forced stores such as Debenhams to abandon plans to open many stores on Sundays before Christmas. At present some major retailers do break the law, risking small fines.

The main provision of the legislation would remove restrictions on trading hours in England and Wales and Scotland, so that shopkeepers can open when they wish. It would also end the prohibition on Sunday trading in England and Wales. It is understood that the bill will include a conscience clause whereby workers can elect not to work on a Sunday.

The existing acts, which contain a host of quirks, control the hours that retailers may open in England, Wales and Scotland. They prohibit Sunday trading in England and Wales, with exemptions for certain goods and for traders who observe the Jewish Sabbath. They also regulate conditions of work for shop workers.

The proposed legislation follows the Auld Committee of Inquiry into the issue.

Since then the issue has provoked a considerable debate, with strong lobbying from those in favour, including the National Consumer Council and Open Shop, which represents retailers such as Asda, W. H. Smith and Woolworth. Critics include USDAW, two thirds of its members coming from the retail sector, the National Chamber of Trade which represents small businesses, which fears liberalisation will further erode business for small corner shops, and the Jubilee Centre, a Christian "think tank."

Lisa Wood

ANIMAL EXPERIMENTS

Informal controls codified

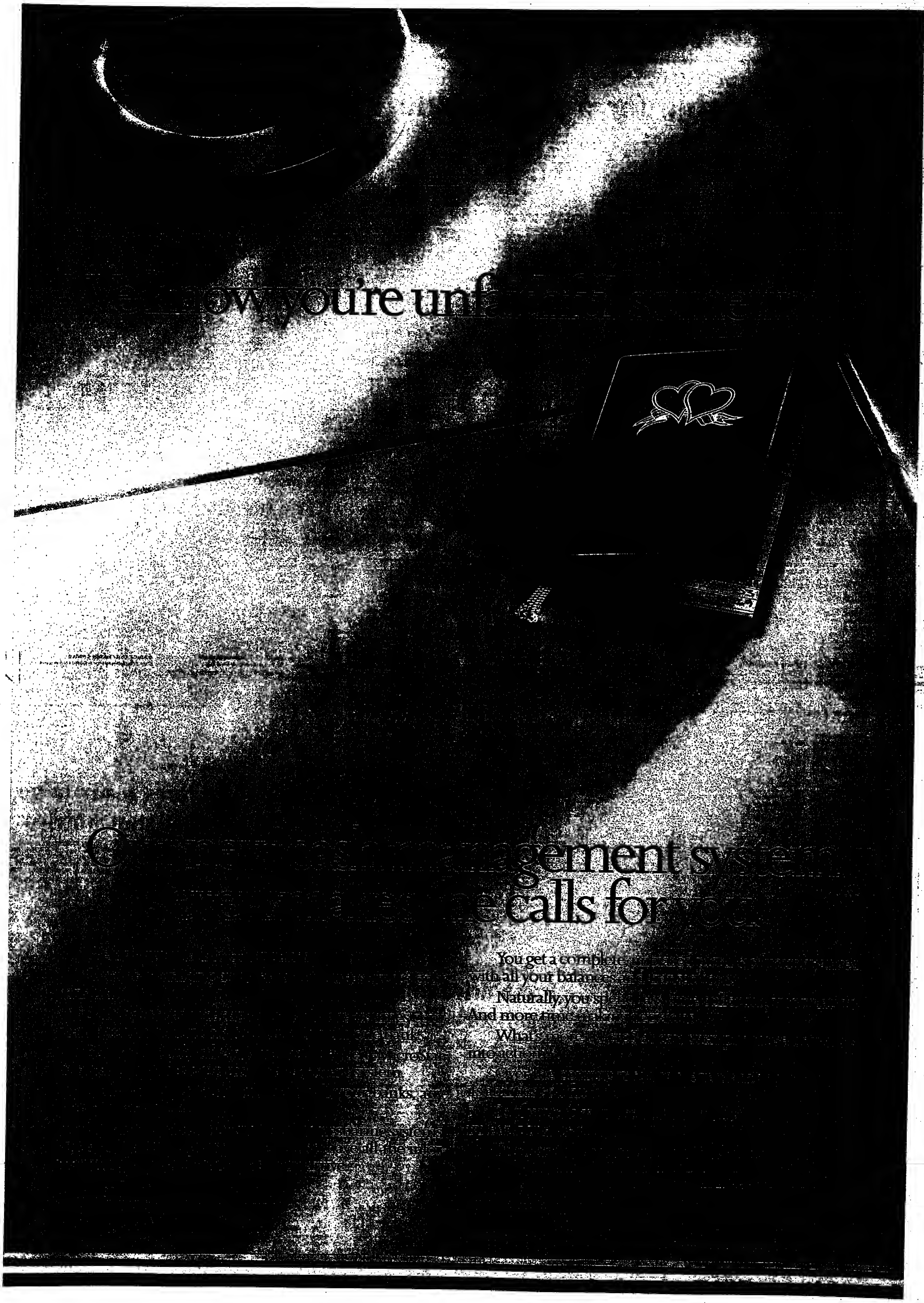
THE PROPOSALS on animal experiments—a highly emotive issue lately—are a long overdue revision of the Cruelty to Animals Act 1876.

The drug industry is fairly relaxed about the legislation, but wants to avoid the impression this is a "soft" Bill. This is partly because one or two of the substantive changes—such as the licensing of individual research projects involving animals—could, if rigorously interpreted, lead to much paper work.

In the past year the issue of animal research has become one of the industry's most pressing problems. Much publicity has been caused by extremist attacks on research scientists and establishments, and several drug companies — including Boots and Beecham—have been faced with organised boycotts against their consumer products.

In an international context, however, the industry is strongly placed. A forthcoming EEC convention on animal research is seen as posing no problem, since controlling legislation in the UK is the toughest in Europe even before the present measures.

Tony Jackson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UK NEWS

Defence industry presses for Star Wars details

BY PETER MARSH

THE GOVERNMENT is coming under pressure from industry to strengthen the pending agreement with the US over the Strategic Defence Initiative (Star Wars) to include details and costs of contracts the Pentagon could place with British companies.

Representatives of Britain's defence industry hope the final wording of the agreement, to be decided by the UK and US governments in the next few weeks, will do more to settle the exact terms of British collaboration in the $33bn programme.

In particular, they feel that the agreement could provide for the award by the US Defence Department of contracts to British industry in four key technical areas. A programme covering these technologies could bring about $500m to British companies over five years.

The areas are:

● Theoretical studies of an operational shield to defend Western Europe from short-range missiles.

● The design of "terminal interceptors" or novel versions of guided missiles to destroy Soviet warheads in the final stages of their trajectories.

● Computer systems.

● Counter-measures to hinder any Soviet attempts to impede an operational Star Wars system, by radio jamming for instance.

Mr Michael Heseltine, the British Defence Secretary, and Mr Caspar Weinberger, his US counterpart, last week reached an interim agreement covering 18 technologies in which it was felt Britain could contribute.

Defence Ministry officials, with industry representatives, feel the agreement was a useful step forward but not enough to secure significant British participation.

Defence companies say it may be unrealistic to expect the US to agree to Britain's initial request to award $1.5bn to UK companies in Star Wars contracts. However, they would still like some mention of cash figures in any final agreement.

"We are happy that they (the two governments) did more than agree to disagree but would like to see some more progress over the next few weeks," said Mr John Holt, managing director of the space and communications division at British Aerospace, the privatised missiles, aircraft and spacecraft manufacturer.

One way for British companies to proceed is by striking deals with Martin Marietta, a large US defence contractor. Martin Marietta, one of five US companies working to devise the overall "architecture" of an anti-missile system, has been told by the Pentagon to concentrate on technical areas in which European companies could play a role.

Economic statement set for next week

By Peter Riddell, Political Editor

MR NIGEL LAWSON, the Chancellor of the Exchequer, hopes to be able to make his autumn economic statement next Tuesday afternoon, ahead of the debate on the economy next Wednesday.

The timing of the statement will be known later today after a Cabinet discussion on public spending. Next Tuesday would be the most convenient date since it would make the evidence available before Wednesday's discussion when both Mr Lawson and Mr Roy Hattersley, Labour's economic spokesman, are due to speak on the final day of the debate on the coming legislative programme.

Mr Bernard Weatherill, the Speaker (chairman) of the House of Commons yesterday announced that it had been agreed that the main subjects for debate would be: today, home affairs, Friday, foreign affairs and overseas development; Monday, social security and education; Tuesday, industry and employment; Wednesday, the economy.

Other subjects can be raised on these days but the topics determine who will be the main government and opposition speakers. On Wednesday, Mr John Biffen, the Leader of the Commons, will wind up for the Government and is expected to explain how the Commons will decide whether to go ahead with the experimental televising of its proceedings.

A debate is likely to be held the following week on the establishment of a cross-party select committee to examine the practical problems.

Unemployment cut to 2m 'would need 1,250 jobs a day'

BY DAVID THOMAS, LABOUR STAFF

MORE THAN 2.3m jobs would have to be created between 1986 and 1991 if unemployment were to be cut to 2m at the end of the five-year period, according to a paper to be given at a conference of socialist economists on Sunday by Professor David Metcalf.

Prof Metcalf is head of industrial relations studies at the London School of Economics and is one of a group of academics which has been advising Mr Roy Hattersley, the Labour Party's economics spokesman.

Prof Metcalf gives a warning that even the level of expansion needed to cut unemployment to 2m in five years could lead to a rise in imports, inflation and public borrowing. Offsetting action, such as the effective planning of incomes and an increase in real competitiveness, would be necessary, he writes.

The paper calculates that cutting unemployment to 2m would require the creation of 1,250 jobs a day

Prof Metcalf also sets out a short-term public spending package designed to cut unemployment by 610,000 in two years at a cost of an extra £3bn in public borrowing, split equally between public infrastructure, current spending and special employment measures.

More spending on infrastructure, mainly on housing and education, would cut unemployment by 50,000; more current spending, mainly on health, education and social services, would cut unemployment by 95,000; and more spending on special employment measures, mainly on the Community Programme, would cut unemployment by 465,000.

Life groups to lose pensions monopoly

BY ERIC SHORT

LIFE COMPANIES are to lose their monopoly as providers of individual pension contracts.

Mr Norman Fowler, the Social Services Secretary, told the Society of Pension Consultants' dinner that the Government intended to give more choice and encourage competition. Banks, unit trusts and building societies would be able to become pension providers, he said.

Throughout a two-year inquiry the Government has stressed its desire to extend the range of financial institutions that can offer pension contracts.

The institutions widely welcomed the statement. Mr Richard Weir, secretary-general of the Building Societies Association, said the association had pressed for the right to offer personal pension contracts to go alongside the additional voluntary contribution schemes offered to company pensions.

Mr Clive Fenn Smith, chairman of the Unit Trust Association, welcomed the decision. The major clearing banks said they were keen to expand their operations and products to customers.

However, the life companies were somewhat dismayed. Mr Michael Oppe, secretary-general of the Life Insurance Council of the Association of British Insurers, said life companies were not against competition, provided it was fair.

But under EEC rules, he said, life companies had to maintain strong solvency margins on their life and pensions business – 4 per cent of total assets plus 1 per cent of the life cover at risk.

Mr Oppe said other providers of personal pension contracts should conform to the same standards to protect investors. The best way was for the other institutions to set up life company subsidiaries.

The administration of providing pension contracts will be complex, and although banks, most building societies and unit trusts will take this in their stride, it means operating on a large scale, which might be difficult for small unit trust groups and building societies.

There will be a strong element of life cover in providing the main pension and benefits for spouses should the employee die before retirement. Banks and unit trusts already have in-house or external tie-ups with life companies.

The big building societies have been pressing to be able to pay pensions and offer at least some limited underwriting facilities in order to provide a complete package.

Cable finance snags delay franchise plans

By Raymond Snoddy

THE CABLE Authority has decided to defer advertising the next round of cable television franchises because of the difficulties of raising cable finance in the City of London.

The next block of five franchises, due to be advertised at the end of this month, are now unlikely to be advertised until some time next year.

It is believed that the authority, the body which regulates and promotes the new industry, has decided it would be counter-productive to have too many companies seeking limited sources of finance at the same time.

It has already awarded five franchises this year and is due to announce a further five in January. But it is clear that the authority no longer believes it practical to go ahead with earlier plans to advertise five new franchises every four months.

Several of the first 11 franchises awarded in November 1983 have yet to make much progress.

Call for probe into London dockland plan

By Joan Gray, Construction Correspondent

THE ROYAL Town Planning Institute is calling for a public inquiry into a £1.5bn scheme to create a world financial centre at Canary Wharf in London's Docklands.

The scheme is being proposed by a consortium of US banks including Credit Suisse First Boston, Morgan Stanley International and First Boston Real Estate. It has already been given preliminary approval by the London Docklands Development Corporation, which acts as its own planning authority.

But Mr Stephen Byrne, president of the institute, has written to the Environment Secretary, Mr Kenneth Baker, urging him to call for a public inquiry. The institute is anxious about the scale of the scheme, which includes three tower blocks containing 3m square feet of office space each and higher than any existing London buildings, and about the lack of public consultation.

"It is in my view doubtful whether Parliament or anyone else envisaged this scale of activity occurring in an enterprise zone without full, public scrutiny," said Mr Byrne.

The London Docklands Development Corporation (LDDC) board agreed to the consortium's master plan concept for the scheme on October 18. It is negotiating a more detailed master building agreement, which it hopes to approve in December for work to start on the site in January.

Although the LDDC can go ahead as its own planning authority, it is also consulting adjacent local authorities and community groups. The scheme is expected to provide up to 95,000 new jobs directly and in associated service industries, but local groups have objected to new office developments in Docklands, saying they do not want to be "lavatory cleaners for passing businessmen."

The Greater London Council is also calling for a public inquiry into the development, which it says is in "fundamental conflict with the office and urban landscape policies in the approved Greater London Development Plan."

The Canary Wharf scheme is being supported by the Bank of England, which has endorsed its proposers' aim of creating extra space to meet the needs of London's growing financial community outside the overcrowded square mile of the City financial district.

TECHNOLOGY

EDITED BY ALAN CANE

Banking on the small screen

Peter Knight looks at how the Royal Bank of Scotland used video-conferencing to help its merger with Williams and Glyn's Bank

IF TERRY WOGAN ever decides to run a bank, he could take a few lessons from The Royal Bank of Scotland's staff who have, over the past six months, spent 342 hours on the television. Their performances have cost the bank about £245,000 but no one is complaining.

"I'm a fan of the system. I wish we bad more of it," says Colin Kramer, head of the bank's credit control department.

The Royal Bank of Scotland was the first customer for British Telecom's (BT) digital network for video-conferencing run over the high speed data network. The bank decided to use the system to help with the complicated process of merging with Williams and Glyn's bank, a job officially completed on September 30.

The Scottish Bank had most of its staff and branches in Scotland, while Williams and

'We've ended up with the right people in the right place'

Glyn's was in England. The effort of combining the two businesses, but keeping most of the staff in their home towns, meant that employees had to fly between Edinburgh and London for meetings. Video-conferencing, where people in different areas meet on private television networks, seemed a good way of saving both money and travelling time.

Although the technology has been used quite extensively in the US there has been little take-up in the UK and Europe. While Williams and Glyn's had used a black-and-white television link between London and Manchester, the bank had little concrete evidence that a far more expensive colour system would solva its logistical problem.

But a top-level decision was taken to use the technology and there have been no regrets. In fact the bank's head of management services, Bert McKim, is very happy: "It's been a great success. We've ended up with the right people in the right place," he says.

So far 1,790 people have conducted meetings on the system and, according to telecommunications services manager Graeme Boyne, the bank should make a net saving of about £290,000 in the first year of service. He stresses that this is only a rough figure worked out by adding the cost of air fares and travelling time and then substracting the cost of buying and running the video-conference system. The cost of cancelled meetings caused by aircraft diversions has not been included.

The bank has permanent Edinburgh offices. The London studio looks like an ordinary meeting room, except that all participants sit on the same side of the table facing two television screens showing colleagues in Edinburgh. The cameras are hidden in the console housing the screens and the microphones are embedded in the table.

There is a blue curtain-backdrop and large, but not over-bright lights shine on to participants. The system is controlled by a single keypad similar to a home-television remote control. Picture-size, which takes in six people, remains constant and to make the system as simple as possible there is no zoom. Documents are sent via high-speed facsimile. The system is available all day, but meetings have to be booked in advance.

"I felt self-conscious for the first time and second time, but I soon got used to it. It's not at all difficult having a meeting in this way. Unlike telephone conferences, you can see people and their reactions—you notice when your point is hitting home. The only possible disadvantage I can think of is the heat from the lights on a hot day," says Kramer.

His credit control unit meets every day. Top executives use the system as well as anyone more junior in the bank who has to talk to colleagues elsewhere. "From the word go it was made plain that the service was not an executive toy and it was open to anyone who needed to have a meeting," says Mr McKim.

While the benefits of video conferencing hava been evident for some time, companies have been slow to take advantage of the technology. Early systems were run by telecommunications authorities and located in studios which firms had to hire. Although it saved money on long distance travel, people still had the inconvenience of leaving their offices and travelling to the studios. The hardware has been improved and systems are now either portable or compact and simple enough to be set up in firms' offices.

"If you suddenly discover that you need to talk to another person you can call him in, which is impossible if you're out of the office," says Mr McKim.

The process of transmitting video signals over a network is expensive because it demands high capacity. New techniques have enabled the signals to be compressed without losing picture quality.

Trevor Humphries

Royal Bank of Scotland staff in London in conference with colleagues in Edinburgh.

The cost of the hardware has also dropped sufficiently to allow companies to buy their own equipment. The bank, for example, bought its hardware from British Telecom from which it also leases a megastream line.

"It is not only large companies which are looking at video-conferencing now. Smaller firms are interested because they can get one end of a system for under £100,000," says Mhairi Fear of Oceonics. Her company and Plessey jointly market hardware made by Compression Laboratories of the US. Since launching the products in July, Fear says Oceonics has sold equipment to four different companies.

Confidentiality of meetings has also concerned potential customers. Mr McKim says it was one of the bank's main worries but BT has given assurances that it is virtually impossible to listen in. The messages are encoded at one end and then decoded at the other. Most manufacturers now also offer encryption or "scrambling" techniques.

Mr McKim said: "We've had very few technical mishaps. Once we picked up conversations on a radio network being being used by a security company, but we were assured that it was something to do with our microphones and our meetings could not be heard. The problem was quickly solved."

Edinburgh is now no further than the third floor

Mr Kramer's problem of frequent flights has also been solved. As the weather gets colder he is pleased he has only to pop up to the third floor in Lombard Street for a meeting with his Edinburgh colleagues. "Edinburgh Airport on a cold night is not the most exciting place to be," he says.

Peter Knight is consulting editor of the FinTech Electronic Office newsletter.

Japan 'ahead in semi-conductor technology'

THE EUROPEAN market for gallium arsenide, one of the most promising and actively researched new semiconductor materials, will grow at more than 20 per cent a year to 1990, says a report* from Frost & Sullivan, the New York based market research firm. However, it concludes that the Japanese are leading in the most critical aspects of its technology.

Gallium arsenide excites the electronics industry because it promises to make possible semiconductor chips up to ten times faster than those based on silicon.

Its enthusiasm has been dampened, until recently, however, by the difficulties of working with the material. Conventional techniques of growing gallium arsenide crystals produced material shot through with "dislocations," faults in the crystal structure which rendered it useless for fabricating electronic devices.

The breakthrough came only in the last few years with the development of a technique called LEC (liquid encapsulated Czochralski) for drawing crystals which were remarkably fault free—only about 2,000 to 100,000 dislocations per square centimetre.

Gallium arsenide promises chips 10 times as fast as those based on silicon

Some idea of the gap between silicon technology and progress with gallium arsenide, however, can be gauged from the fact that silicon has been supplied dislocation free for the past 15-20 years.

Japan last year reckoned to consume about 70 per cent of the total world gallium arsenide production of about 30 tonnes. Its chief manufacturer, Sumitomo Electric, began production of ingots of the material in 1983 using the LEC process.

This involves dipping a seed crystal of gallium arsenide into a crucible of the molten material and turning it slowly as it is pulled upwards to form uniform cylindrical ingots. The crucible is made of boron nitride and lined with boric acid to cut contamination. The whole system is contained in a pressure vessel at 30 atmospheres to prevent evaporation of arsenic in the gallium arsenide melt.

It is also pioneering the processing of the finished material. Late last year Prof Junichi Nishizawa of Tohoku University developed a method of producing high quality gallium arsenide semiconductors which promises to make possible a transistor only one ten-millionth of a metre thick: "This should make it as fast as a Josephson junction without requiring a cryogenic temperature to operate," Frost & Sullivan says.

The Josephson junction is a high speed device which can be made to work at only exceedingly low temperatures.

The Nishizawa technique, photoexcited molecular layer epitaxy, involves the use of light energy to grow a layer of gallium arsenide only one molecule thick on a gallium arsenide substrate.

So what can Europe offer against the Japanese initiatives and those in the US where much of the impetus for work on gallium arsenide has been generated by military and aerospace research projects?

The report points out that developments in Europe have occurred on a strictly national basis, probably as a result of heavy military involvement.

In the UK a gallium arsenide consortium was founded under the auspices of the Defence Ministry to increase collaboration between industrial groups.

In West Germany, the Max Planck Institute, Siemens and others are involved in a similar venture while in France, the Euromatique project includes setting up a pilot plant for gallium arsenide circuits within five years.

The Esprit programme, which includes gallium arsenide research, aims to foster collaboration between European manufacturers, but the Frost & Sullivan study doubts whether the spirit of collaboration can be carried on past the pre-competitive stage of the research.

'Collaboration may not continue beyond research stage'

It says: "Perhaps the answer lies in the establishment of a European development and manufacturing joint venture company. Co-operative work on the lines of the Airbus or the multi-role combat aircraft, with different parts of the project being carried out in the different countries, is more difficult to envisage in the field of components, where the interlinking of processes with manufacturing results is all important in achieving success."

* *The Gallium Arsenide Semiconductor Market in Western Europe, Frost & Sullivan $2,100 New York (212) 233 1080; London (01-486 8377.*

ALAN CANE

Boeing and GM show full factory automation

By Geoffrey Charlish in Detroit

GENERAL MOTORS and Boeing have jointly demonstrated the feasibility of a fully automatic factory where computers control everything from customers' orders to the finished product.

The companies have been developing communications software that would let machine tools, robots and other programmable production equipment communicate and work with office computer systems, regardless of manufacture. This has not previously been achieved.

General Motors developed the factory system, called Map, (manufacturing automation protocol) while Boeing devised Top (technical and office protocol).

The result emerged at the Autofact '85 show in Detroit this week, where the two giants and some 21 major supporting companies in the electronics industry have built a small scale factory which integrates shopfloor and office.

The communications software of Map and Top meet requirements laid down by the International Standards Organisation. As a result, Map is already gaining wide acceptance in Europe. But the reaction to Top, which Boeing has not promoted as vigorously as GM has Map, remains to be seen.

GM and Boeing developed Map and Top for internal use initially. They found they were buying thousands of systems that could not work together when the time came for integration of the various islands of automation developing in their many factories.

They have realised that wider adoption will give economies of scale producing the electronic systems needed, cutting costs for world industry and for them as well.

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THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

A marriage of design and business nous

Feona McEwan on the aims of the School of Communication Arts

WHEN IT comes to creative arts education, Britain would appear to be well served. The numbers alone are convincing. Altogether there are at least 150 establishments (colleges, polytechnics and universities) grooming the nation's creative talent that at best is widely regarded as second to none. They are producing so many graduates that many have to seek work abroad where their talent end training are valued—a sorry comment, say some designers, on the unenlightaned view of design in British industry. Yet last month. another school, the School of Communication Arts, opened its doors in London.

Behind this apparent paradox lies a growing frustration in certain design circles with the neture of arts education and its commercial bent or lack of it. It is a controversy that hea been sparking for years, made more acute for emerging graduates by the harsher employment climate. Some colleges have responded by introducing courses that are more geared to the needs of industry and business end ere heartily approved by them. In advertising and graphic design circles. for instance, establishments like Leicester, Hounslow, Preston, Menchester and Watford are among those widely respected for producing more commercially-conscious graduates.

"Students from these colleges ere more readily employable," says Michael Peters, who runs his own consultancy group and is one of the new school's founders. "Others may be just as talented hut these students understand the real world of commerce, whet is meant hy clients demanding returns on their design investment and what marketing meens."

"There's a terrible gep between ert school and the advertising industry," says John Webster, executive creetive director of advertising agency Boase Massimi Pollitt, where he has heen selecting candidates for some 17 years. "There's a remoteness ehout many of them. They come ill-prepared; they don't even reach first hase when they errive."

So a small but influential group of employers (drawn meinly from advertising, design and photographic fields), united in their disenchantment with what they regard as an inadequate training and preparation for today's business world offered hy the majority of art schools, has done something ahout it. Together they have prompted their industries to raise the £110,000 initial costs for the new school.

The result, the SCA, is an alternative school of creetive arts education which is offering what its supporters believe is not availahle elsewhere and which is being watched with keen interest by the design education world. It is private, certainly, inavitahly expensive, and unavoidahly elitist. The 30 graduate students (eventually the school hopea to take 100 people) will aach pay £5,360 for the 42-week course, aix of which are spent in industry—and there's not even a diploma at the and of it. But they will work with some of the best talents in the communications industry—nearly 200 tutors have queued up to give their services free—and for many there will be joh offers from the schools' patrons and sponsors.

Survival

Most of tha students pay for themselves (a few are sponsored hy their companies) meinly through an eight-year low interest loan scheme from the Midland Bank.

So how is the school different? Its starting point is essentially pragmatic: "Britain's survival is dependent on the extent to which it can apply tha highest standard of creativity to the design and marketing of goods and services," says the literature. "Research has shown thet the industry does not simply need inspired hands, it needs inspired minds."

The school's radical approach to design is the vision of one man, John Cillard, its principal, whose long list of distinguished pupils now working in design and advartising is testament to his skills. Peters calls him "the guru of design arts education." Another founder, John Hegarty of agency Bartle Bogle Hagarty, has said: "Of tha five people who heve influenced my life, John Gillard is two of them."

Trained as e graphic designer, he is a jumping bean of a man whose infectious enthusiasm fires every imagination it touches. How much of the support for the school is for the man and how much for the principle of en alternative education is hard to tell. Anyway, the two are fused in Gillard, who, after over 20 years inside the estahlished educational system, found its shortcomings stifling.

His views are not those that sit cosily in the formal and rarefied air of traditional art schools. Ask Gillard what is wrong with the current system and you unleash a spate of passionate criticisma.

He takes issue with conrses that are too long and too theoretical, and teachers who are unenthusiastic or even unsympathetic towards their subjects — such as advertising which is still, in many art schools, "a dirty word."

He is critical of the tendency among students to work alone, rather than in teams as is the norm in industry. At SCA pupils work in ever-changing groups; they come from all ages and backgrounds (the current crop includes a psychologist, film maker, actor, copywriters, textile designers, typographers, jewellery designer).

Above all, Gillard abhors the formule approach to design. Too many atudents, he helieves, emerge moulded into predictahle design straitjackets. "I call it their Mies van der Rohe kit or their Mondrian kit . . ." and cites e recent college display where all the work was "out of tha one mould, only the colours and the typefaces were different."

Students should be treated as "heads who can think rather than hands that can draw," says Gillerd. He suggests that there's too much concentration on *how* something is done rather than *why*, and on the technique rather than the content.

Research, business management, creative studies, layout, art end design appreciation, markating, social prohlem studies, all go together in Gillard's curriculum, in the belief that fresh solutions only come from cross-pollination of ideas.

"We must find new ways of resolving prohlems not dependent on the past or what's fashionable but anticipating the future. The first thought of design is who is going to use it, who it *is* aimed at. A beautiful huilding is all very well, hut if it's lousy to live in it is an ineffective design."

This empirical approach to design is echoed in Leicester Polytechnic where the Government has invested £75,000 to develop courses in design management. This covers educating managers to regard design as a corporate competitive tool/resource as well as teaching designers to use management techniques to aid their design work. Head of graphic design, Wendy Powell, who belleves she is the first to hold such a post from a marketing and design hackground, explains the problem: "We're good at producing students who turn ont well crafted artefacts and designs. What we are not good at is solving clients' broader problems. For example, we can decide whether to use a red or a blue colour or the definition of e line, hnt we're not so used to tackling problems such as a client whose profit margins are heing squeezed, and who wants well made packaging for protection, with well presented graphics to attract consumers and good stacking ahility for a distributor who is worried about profits per square foot . . ."

John Gillard: long list of distinguished pupils — Roger Taylor

Philosopher of the creative process Gillard may be, hnt it is his commercial nous that makes him such a valuahle asset to the communications industry. Work at the SCA is for real. Forty per cent of the students' time is spent on live projects with real deadlines and real clients, a proportion he claims is unique in UK arts edncation.

So what is the students' verdict so far? After just six weeks there'a no mistaking their enthusiasm, though they admit they didn't exactly know what they were in for. Miranda Snow, a 25-year-old postgraduate textile designer from Winchester School of Art and the Royal College of Art, criticises too little contact with industry in her previous courses, where there was an ivory tower approach to design. "If students looked enthusiastic they were frowned on . . . in my first week here I had to draw up a questionnaire for a corporate identity project for e client and go into the streets asking consumers their opinions. I'd never done anything like thet hefore."

Monique Glenton, who has already completed a pre-art school one-year foundation course, reckons tha course is teaching "how to think in detail. Before you'd he given, say, a kettle to design and you'd go off and work alone. Here we'd have to research it, find out what people want from a kettle, why it should be a certain shape and so on. Also we're taught how to sell our work; how to present e project or a portfolio. No one bothered before."

Snack foods

An 'adults only' pioneer

Nick Garnett explains how Derwent Valley boosted a sector

IRON ORE, limestona end coke were the raw materials that put Consett on the industrial map until BSC rubbed it off hy shutting its steel plant.

Stoneground maize, vegetahle oil and chili powder are the ingredients now giving the small Durham town a new if very much smaller slot in a quite different industry.

To soma of the senior managers in the business of making and salling food Consett means only one thing—a crazily named, eccentrically-packaged snack food which has written a chapter for itself in the history of nihbling hy helping to change the market.

In less than three years Derwent Valley Foods with its distinctive Phileas Fogg hrand has been a key player in creating and feeding a demand for what might be called "adults-only" snacks.

Giants lika United Biscuits and Nahisco have had no choice hut to take notice of the hrightly packaged tortilla and corn chips, Shanghai nuts and garlic spiced fried hread ("mignons morceaux") churned out from its small factory by a workforce of just 90.

United Biscuit'a KP, which has cornered the biggest chunk of nut sales, is now testing its own American-style corn chips, three years after Derwent Valley hrought out a similar product.

"We admire them for taking the risk, scoring with creative hranding and taking adults into more adventurous areas other than nuts and hiscuit nibhies," says a marketing manager of one of the industry's hig companies.

"They have done some good pioneering work thongh they are not the sole reason why this market has developed," says another menager in the industry. "I think it was beginning to move in this direction."

Set up in 1982 on the heck of hnge regional aid availahle in that distressed area of the country, Derwent Velley remains a minnow. Its turnover of £4m is around 0.5 per cent of the UK's totel snack food market worth £700m-£800m a year. By comparison Nabisco, whose snack foods inclnde Walkers, Smiths and Tudor crisps (and now Scampi Fries, a Phileas Fogg competitor) notched np sales of £202m.

Yet Phileas Fogg (named after the principal character in Jules Verne's Around the World in Eighty Days) is perhaps the higgest selling brand in the "adult only sector." It has a mnch higher profile then its output should warrant. It hugs shelf space in some of tha best supermarkets end delicatessens, particularly in the south-east. Its Java crackers can be found inhahiting the foodbowls of company boardrooms. Southarn TV adverts starring Barry and Yvoune from the TV series Hi-De-Hi convey the distinctive recipe of quality and snobbery that makes Phileas Fogg the After Eight of the salted crunch.

Derwent Valley's shrewdness

> 'Giants like United Biscuits and Nabisco have had no choice but to take notice . . .'

has not shielded it from crises. At the end of 1982 it had e product but virtually no sales and was almost drained of cash. In the middle of last year it doubled its workforce in four months, expanded factory space and redesigned its production line. Chaos ensued.

"We lost control," says Ray McGhee, the 44-year-old marketing director. "Sales and production were out of synch. We thought we were making money but we weren't. Waste was being churned out and profits were zilch." The company now says, though, that these problems are well hehind it.

Of Derwent Valley'a four founders, including chairman Roger McKechnie, three had experience in the industry, mainly with Tudor. That certainly helped the company plot a classic path through the four stages of marketing — finding a market, producing the right product, packaging it smartly and choosing the right ontlets (or being lncky enough to have the right outlets choose them).

"No one was going for the npmarket adults with the money to spend and who were looking for new prodncts," says McGhee.

In fact, Smiths Crisps' one-time owner General Mills had tried to sell Mexican style and pizza-flavoured adult snacks a decade before without too much success. There were also a few snacks of the "adult-only" variety on or coming to tha market like Peak Frean's Twiglets, Planter's Sesame Nut Crunch and Cadbury's Stackers.

Once the idea of an adult snack had taken root, the next thing on the Derwent Valley agenda was the prodnct and it was to the US that the four founders looked, even taking ingredients from a Californian supplier.

The name was a hit of e prohlem. Vasco da Gemma and Marco Polo mercifully consigned to the reject bin, Phileas Fogg was selected to go with the slogan "first class snecks from around the world."

Expensive-looking polypropylene packaging was chosen and some corny letters made up from Mr Fogg to his "Dear Aunt Agatha" printed on the back of the packs.

By the end of 1982 tha company wae ready to sell its corn and tortilla chips. Unfortunately nobody was ready to buy. Derwent Valley approached the upmarket multiples but they were a little sceptical, though they liked the idea.

The International Food and Drink Exhibition in London in early 1983 broke the ice and some of Derwent Valley's output waa purchased by Sainsbury and Safeway. Waitrose needed a little pushing. Marks and Spencer, which had received a box of supplies at the end of the previous year ("We had to ring them to find out who to aend it to," says McGhee) also decided to stock some of the companies' products

When the company was set up, advertising had to rely on the attractiveness of its packs hut it now has a yearly advertising budget of £400,000 directed at the A/B citizen.

Though its turnover in the last financial year jumped £2.5m over the previous year its profit was just £130,000 partly because of the outlay on new production equipment. The company now intends to generate more free cash while looking for controlled, rather than spectacular, growth.

"I think our competitors are not sure whether we have 10 per cent of a big market or 90 per cent of a small market," says McGhee. Derwent Valley foods is not sure either.

Fires of London/Elizabeth Hall

Max Loppert

On Tuesday the Fires gave the latest in a long and admirable series of new, specially commissioned works. It was a very good addition: Brian Elias's *Geranos*, an 18-minute, three-movement sextet (for the expected Fires' combination of two winds, two strings, piano, and percussion) that takes as its subject the universal, everlasting potency of dance rhythms (the title is ancient Greek—"crane dance").

Various dance metres penetrate the substance of the music, in a way that is deep and subtle rather than obvious or continuous, and that suggests a reflection on a subject rather than a simple demonstration of it. Elias has discovered ways of producing dramatic tensions between the dominant harmonic material and the rhythmic (in the first movement these flower into brilliant episodes charged with a single instrumental timbre—bass clarinet, piccolo). The working-out has movement, excitement, delicacy, subtle and satisfying shape: even at a first encounter it was obvious that the piece has the power to hold an audience, to keep it intent on tha unfolding trains of thought. *Gunther Bauer-Schenk* was the conductor.

The rest was a blend of Fires familiar (in its idiosyncratic programme combinations, made up by, among other things, some piquant Maxwell Davies fiddle-dance arrangements from *The Two Fiddlers*, and the etiolated Piano Trio, 1971, of Edison Denisov) and Fires unfamiliar. For the first time (I believe) in its life-history, the ensemble had attracted to itself a world-famous prima donna as concert soloist.

This was Elisabeth Söderström, and though by now no-one should he surprised at her appetite for exploring all kinds of composition for *soprano (from Miss Söderström* I myself have heard a wider span of Western music—Monteverdi to Dallapiccola—than from any other soprano of equivalent stature), it was still a special pleasure to witness the confrontation of her fine, illuminating artistry and eloquent English utterance with Maxwell Davies's *Fiddlers at the Wedding*. The closing performance of the Shostakovich Seven Romances on Alexander Blok poems was perhaps less successful — rapport with the Fires piano trio was less close, vocal intonation wavered, and tension was intermittently loosened. But *one* would *certainly* welcome more Söderström London appearances of this sort.

Extemporary Dance/The Place

Clement Crisp

Extemporary Dance Theatre has, in the past, shown liveliness in producing new work that challenged the conventional view of what a dance company may provida for its public, and may even consider to be "dance" or "theatre." Its latest programme, as part of Dance Umbrella on Tuesday, was in many ways disappointing.

Richard Alston has created a new work, *Cutter*, whose procedures—so it appears—mark a parallel if not always an inter-action, between music and dance. The *score* by *John* Marc Gowans sounds for much of the time like a large piece of industrial machinery serenading its beloved. The dance seems at first to be an arid restatement of Alstonisms, but in a tough solo for the gifted Jon Smart, and in a bard and bouncing sextet, movement cuts through mannerism to show the choreographer working at his best.

The other new piece is by the American experimentalist, Kaffe Duck. I mistrust works where a programme note tells us that the cast are making "mental and physical" links, even if we are not, and in *On the Breadline* links are at a premium for the viewer. There is no purpose in detailing the wearisome catalogue of games, chatter, inconsequentialities and lumpen movement that fill out the 50 minutes of this fatuous exercise. Reportedly the result of improvisation—that deadliest of weapons for the amateur and the pretentious—it involved a hospital bed, ambulant musicians, water, and those ineptitudes of *performance* that tell us that chaos is come again.

Were there some sense at the end that a theatrical point has been proved, that from these slack-witted antics one might find a pattern or a point, the event might be bearable. I could discern nothing save the grossest self indulgence, and I note that the Arts Council, the British Council, four regional arts associations and five private sponsors fund Extemporary: I trust they feel that Miss Duck has given them their money's worth.

London Philharmonic/Festival Hall

Paul Driver

Yevgeny Svetlanov's concert with the London Philharmonic Orchestra on Tuesday night (he makes another appearance conducting the orchestra next Tuesday at the Festival Hall) contained some unhackneyed repertoire but did not amount to a very novel or distinguished musical experience. Routine playing dominated the evening, while the most unfamiliar item —Glazunov's *Lyric Poem* Op 12 —proved to be itself a very routine orchestral inspiration.

The opener — Rimsky-Korsakov's Prelude to his last opera, *The Legend of the Invisible City of Kitezh* — was a charming brief evocation of the rustle of nature, and pleasantly caressive of the audience; a sort of non-declamatory anti-overture. Then came Alfred Brendel's interpretation of the third piano concerto of Beethoven; fine indeed, but spoiled by insufficiently refined orchestral accompaniments. Brendel's first movement had a strong purposive eloquence, and a cadenza which was remarkably stylish and impassioned. His second movement was full of rapt intellectual love; in his third he had plenty of lively fresh remarks to make.

The orchestra responded a little more vitally to the unfamiliar drift of the Glazunov work, an Andantino for large forces begun in 1882 when he was 17. But it came across as no more than the innocently meandering exercise of a tyro. Tchaikovsky's *Francesca da Rimini* was sternly driven by the genial-seeming Svetlanov, and reached a mighty climax at *the end*; but neither conductor nor orchestra on this occasion managed to imbue its graphic substance with real plausibility. What was swirling about, though splendidly, was stage-smoke.

London galleries/William Packer

Glamour of the society portrait

David Jagger's portrait of his wife, Kitty

Two important and largely loan exhibitions now occupy private galleries in the West End. *Society Portraits*, which takes its glamourous and often *seductive material through the* period from 1850 to 1939, is split between Colnaghi in Old Bond Street and the Clarendon Gallery round the corner in Vigo Street (until December 14). No theme or principle governs the division, but only the exigencies of the hang, so that either part is fully comprehensive and may be taken by itself. By nature of the galleries themselves, however, the experience they afford is entirely different, the Clarendon smaller, even domestic, and full of light, Colnaghi the more consciously impressive, substantial and enclosed.

It is the *Clarendon* that contains what are perhaps the two most important works in the entire exhibition, Sargent's magnificent portrait groups in the grandest and most pyrotechnical manner of Lady Meyer with her children of 1896, and the three Acheson Sisters beneath the orange tree, of 1902.

But brilliance is everywhere, as wa should expect of an exhibition that takes its pick of Sargent, Lavery, Blanche, Shanon, de Laszlo, Helleu, Nicholson, McEvoy, Jagger, Orpen, Munnings, and so many lesser lights, in their Edwardian and early Georgian heyday. To *start as we do here with the* mid-Victorian proprieties of Sir Francis Grant, Georga Richmond or Lord Leighton, and end with John, Kelly and Philpot might too easily be assumed a course in evitable decline from the merely worthy through slickness and extravagance to the meretricious; but too many of these artists have for too long been disregarded, and if there is decline this exhibition suggests it has been only in a falling off in brave and imaginative patronage in asking good artists to do the job.

We do not need to argue that here are latterday Gainsboroughs or Van Dycks (though Sargent's stock has certainly risen spectacularly in recent years) to accept that what we see is excellent and admirable in its kind and full of delight. Shannon's Lady Diano Manners as a young girl, and McEvoy's image of her a little later, now Diana Cooper *and off to* the party, are ravishing things by any standards; and what could be more perfectly stylish than Munnings' self portrait with his wife on horseback, or more quietly affectionate than the Jagger of his wife alone. Smaller things, as so often, are the more exquisite and J-E Blanche's study of a seated girl with a swirl of skirt the best of all.

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Just into Cork Street, Browse & Darby are showing (until November 30) some three dozen paintings and drawings by Philip Wilson Steer, close contemporary of Sickert and like him undoubtedly a great artist, yet one who has remained not only curiously parochial but undersung in his reputation. We serve neither our artists nor ourselves particularly well by being so grudging and apologetic about our painters, and in Steer we have one who had he been French would stand high and secure in the post-impressionist pantheon. No one is more sure and delicate than he in the study of the female model, the touch light and free, the taste exact that pitches charm and sensibility against direct observation.

There are examples here from the 1890s, three small studies of Rose Pettigrew who sat to many artists at the time, that are quite as fine as anything across the road in *Society Portraits*, small as they are. The girl in white putting on her shoe with an odd, headless self-portrait at the easel behind, is positively Degas-like for speed and confidence in statement and composition and *suggestive* power. There are also several very fine landscape paintings and studies including some of the Walberswick seaside works and also a magnificent painting, free in its handling and again of a size that belies its grandeur, of the view from high above the river looking down to old Ludlow bridge.

*

Across the road, *Seven Artists from Sheffield* fills the Piccadilly Gallery (until November 23). The Sheffield College of Art, now part of the Polytechnic, has a long and distinguished record for the *artists it has produced, and* these seven have all been associated with it, whether as teacher or student, within the last 30 years. All are figurative painters and all produce work of a kind with which tha College has become increasingly identified, a poetic realism that moves sometimes quite strongly towards surrealism.

Three are recent graduates, whose turn no duobt will come, but for the moment the four older artists are the ones to recommend: Val Archer for her lace tablecloths and billowing net curtains; Rosie Lee — who is already one of the gallery's stable — for her symbolist gardens and still-lifes; Brian Peacock for his more playful, ironical and elegant surrealism in fragments of beach and playground; and Terry Lee for his exquisitely observed and atmospheric romanticism, in still-life and landscape.

*

Artists in Camouflage at Sally Hunter & Patrick Seale in Motcomb Street (until November 29), is another intriguing and enjoyable mixed exhibition. It shows the work *of artists* who served in the Camouflage Unit during the Second World War, and much of it dates from that time. Robert Medley, Claude Rogers and Julian Trevelyan all went on to achieve soma post-war distinction, but most of the others, if they were not actually forgotten have remained comparatively obscure. Here the emphasis falls happily on them for once by virtue of soma delightful and substantial things. Morland Lewis, who died in North Africa in 1943, stands out especially for his brown study of Lower Regent Street before the war. There is a fine painting by Adrian Daintrey of three men playing dominoes as they while away their office duty, and a charming and forceful water-colour by Edwin La Dell of his wife in uniform at the piano. The large water-colours by Richard Seddon of desolate country parks and gardens, of a Paul Nash-like airy wistfulness, are very beautiful.

New York theatre

Frank Lipsius

Last seen in 1982 at the Guthrie in Minneapolis, Andrei Serban's production of *The Marriage of Figaro* brings to Broadway's Circle in the Square the effort to set against Mozart's opera a lively contemporary production of the Beaumarchias play, translating the iconoclastic and revolutionary spirit of the original with skateboards, skates, ghetto-blaster radios and other apurtenances of youthful rebellion.

The major conceptual change is having a virile and attractive Count Almaviva in the form of Christopher Reeve chasing a worldly but faithful Suzanne, played by Mary Elizabeth Mastrantonia. In order to keep Suzanne's mind on her energetic, but in thia case rather wimpy Figaro (Anthony Heald), Reeve plays the count as a handsome John Cleese—bumbling, naughty, embarrassed, and ultimately endearing though not the sexy catch one expects of Superman.

Reeve is particularly effective when he briefly steps out of *Fawlty Towers* to do an impassioned and sensible speech on a wife's duties to hold on to her husband, the only chance he has to show off more than imitative skills. Dana Ivey as the long-suffering countess oozes style.

Heald makes a bold, and seemingly dangerous, effort to redeem his Figaro with his soliloquy on a swing, but hia character never rises above muddled schemer to indicate why a pretty young thing would choose him over a count with all of this one'a assets.

*

The title of Tadeusz Kantor's latest work, *Let the Artists Die*, comes from an overheard conversation about Paris real estate prices, where the immortalised speaker resented the persistent presence of the artists who built up an area's property values.

Lika the ritualised performances of a Kantor work, the title obviously struck a cord in the Polish artist without having a close connection to the piece, at least in this viewer's mind. The work follows the Kantor method of using his Polish and Italian-based troupe of nearly two dozen to act out very visual scenes, here a truncated but surprisingly full history of Poland since the 1930s. There are more spoken lines — dialogue would not be quite accurate — than in *Wielopole, Wielopole* and *The Dead Class*, his two previous works, performed, like this one, off-off Broadway at La Mama. But the lines are in Polish and so only rhythmic punctuation to the funeral music.

In the first half of the 70-minute performance, the characters act out 1930s roles, as they come forward through the simple backdrop of an old-fashioned slatted wooden door. They represent a cross-section of pre-war Warsaw — a woman kneeling at a church pew, a card player pushed by a waiter, a cabaret whore, a worker washing his feet in a tub and comic-ominous figure of a man with a noose round his neck who periodically opens the door of a latrine where he sits and stands to sing cabaret songs.

Two young boys dressed in army uniforms come out, one riding a skeleton horse. Surrounded by half-a-dozen listless officers dressed in silver-covered uniforms, the soldiera push over the civilians.

The second half begins abruptly with the entrance of a dynamic, mysterious young man whose face is covered by his dark outfit of black cape, hat and scarf. He seems an embodiment of the Nazi terror, having two burly workmen drag the other characters onto wooden racks each with its ingenious torture machine. Parading in a circle of death, the characters filter out, return, and in an act of defiance, build and mount a barricade to end the performance.

Sons of Ulster/Belfast Festival

Michael Coveney

The Belfast Festival at Queen's, the 23rd since 1964, opened on Tuesday night with a performance in the magnificently restored Grand Opera House of Frank McGuinness's *Observe the Sons of Ulster Marching Towards the Somme*, a play much praised at the Dublin Abbey where it was premiered earlier this year. The praise was well placed. This is a poetic and powerful elimination of Protestant history and aspiration all the more remarkable for being the work of a Catholic writer from Donegal.

Just as life in Northern Ireland is much to do with coming to terms with the past, so the best Irish theatre will reflect that struggle and anguish. McGuinness frames the action in the memory of an Ulsterman who survived the carnage on Flanders field. Ray McAnally as Pyper recounts how he joined up to die but returned, a failed hero, to manage the family estate. He conjures his younger self and seven other volunteers in the Ulster Division in front of a huge Ulster flag and its defiant red hand.

The key historical fact is that the Ulster Volunteers believed they were fighting not so much the Hun as the Fenian, that the empire's foe was also Ulster's foe. Patrick Mason's beautifully controlled production conveys both the passion and the futility of their grim sacrifice, transforming what at first might appear to be a mundane barrack-room comedy into a moving examination of political and religious impulse.

The play is generously informative about the Protestant culture and is written in a heightened, often biblical style that is made physical in the second act sequence of intercutting duets. Here we see the ex-preacher taunted for his claim to embody the Church rather than to represent it; a couple of Belfast Orangemen comically addressing the Grand Master of the Lodge over a large drum; a nervous soldier urged to cross to the other side of a perilously swaying bridge; and the young Pyper confessing how he drove to suicide a Paris whore who believed in him as a god. Behind these scenes is a determined wrestling match between the soldiers and the identity of God and that relationship as manifest in political affiliation and loyalty.

On the eve of battle the men take a satirical rise out of Patrick Pearse's Republican declaration in the Dublin Post Office and re-enact the Battle of the Boyne with the Kings, William and James, inadvertently defying the script in boisterous horseplay. The River Somme will carry the soldiers home to heaven, back to Derry and Armagh, Tyrone and Belfast. This sustained hymn of ecstatic self-deception, of committed religious fervour, is then topped with the wonderful image of the division fixing bayonets and donning orange silk before jumping eagerly to oblivion.

Finally, Mr McAnally returns to join his younger self, played with a fine sardonic edge by Bosco Hogan, in a dance through the deserted Temple of the Lord. The evening has begun with an appeal across the years, inviting the Somme heroes to rescue Pyper from this bloody province. But no help is forthcoming beyond the bandaging of the bloody hand after Pyper has unceremoniously punched one of the chirpy Orangemen way below the belt.

The violence of religious conviction is best expressed in Tom Hickey's fanatical ex-preacher, a sinister, angular fellow whose correct and cynical movements in a pair of trousers whose bottoms hover several inches above his shoes, arouse immediate suspicions.

Mr Hickey, whom I recall giving a spectacularly expressive performance in another imposing God-baiting play, Thomas Murphy's Gigli Concert, is one of Ireland's most brilliant actors. Here he gains his effects with glacial passion as opposed to hectic movement, and the sight is riveting. But the company is altogether distinguished: Niall O'Brien and Lorean Cranitch both offer impressive emotional breakdowns and Michael Ford is a dynamo of pent-up menace as the critical insider.

Amazing Dancing Bear/Leeds

Martin Hoyle

Barry L. Hillman's prize-winning play *The Amazing Dancing Bear* receives its professional premiere at the Leeds Playhouse, whose lively season has already included Brenton's *The Genius* and Frayn's *Balmoral*.

An ambitious shot at the now familiar genre of what Polonius would call the historical-*didactical*, the piece relentlessly crams in discussions in the class system, economics, sexuality and personal identity. Surprisingly, animal rights play no part in this picture of rural 1814 — no more out of place, after all, than the frequent references to capitalism or the strolling tinker's tendency to wax polysyllabically metaphysical to his shaggy terpsichorean.

The small Midlands village is on the brink of the industrial revolution. Already the role of squire has been assumed by the local factory-owner. Luddites are glimpsed in striking slow motion; workers agitate; change and insecurity are in the air. When a girl is raped and killed the stranger and his performing beast become the victims of violence.

Much of Mr Hillman's dialogue sounds like an animated text book, particularly when the gentry launch debates on workers, ownership or built-in obsolescence at the rise of an eyebrow. Isadore, the squire's daughter, combines healthy sexual appetites with a passion for politics. These characteristics merge as she does something improbable with her parasol while excitedly describing a radical's rabble-rousing speech: in oratory, apparently, "his loins grow firm"—a terrible warning against televising the House of Commons.

The author simply overcrowds his canvas. Styles clash. Modern terminology jars with the Austenesque formality of Isadore's minuet with Henry—himself a keen appraiser of midshipmen and local poachers, one of whom he visits in prison with seduction in mind, but not before the garrulous squirearchy has staged an impromptu argument about religion over the hapless youth.

Only in the musings of the murdered girl's mother, touchingly done by Maggie Wilkinson, does tha writing lose its earnestly informative tone to approach something like originality.

Mark Thompson's tersely distinguished sets combine flexibility with atmosphere, and John Harrison's direction, some singularly unconvincing violence apart, does all possible for thia dramatised slice of Open University social history. And my heart went out to Guy Henry's epicene naval officer wistfully tossing his naughty asides to a stolidly unresponsive audience of Yorkshire burghers.

Saleroom/Antony Thorncroft

Contemporary sale flops

Sotheby's major sale of contemporary art in New York on Tuesday evening was a disaster. What should have been the most valuable painting on offer *Anno's Light*, a canvas by Barnett Newman, a mass of red, 20 ft long and 12 ft high, for which Sotheby's was expecting bids up to $1.5m, failed to attract even a token offer. It was withdrawn "no bids," a most unusual event.

The sama fate awaited Frank Stella's *Songe de Cristo*, which, with a length of 42 ft, was the largest painting ever offered by Sotheby's. Once again its gigantic size deterred anyone from hazarding a bid.

The fact that no bids were taken on these paintings actually improved the look of the sale because it meant that the lots were not included in the "unsold" total. Even so the 23 works offered by the Dia Art Foundation, which included the Newman, was 30 per cent unsold at $1,367,575 and the general sale which followed, which had the Stella, brought in $4,930,750 (£3,388,832), with 42 per cent unsold.

Dia actually managed *two* artist records among the chaos. The $118,000 which secured *Untitled* by Cy Twombly was a high for him, as was the $165,000 paid for *S & H Green Stomps* by Andy Warhol. Another *Untitled* by Twombly went for $165,000.

A casualty in the general sale was David Hockney. His portrait of Christopher Isherwood and Don Bachardy was estimated at $500,000-$700,000, which would have been an auction record for Hockney. In the event bidding stopped at $570,000 and although this was within estimate the vendor obviously considered it insufficient and the painting was bought in.

A Hockney portrait of Joe Tilson and Peter Phillips, was unsold at $190,000, and another casualty was Clyfford Still, whose *Untitled* was unsold at $525,000. Among the pictures to sell were *Painting with ruler and grey* by Jasper Johns, which was on target at $687,500; Mark Rothko's *White over red* at $517,000; Arshile Gorky's *Untitled* at $440,000 and *Ocean Park No 63* by Richard Diebenkorn at $330,000.

It seemed that any painting estimated above $500,000, and works of the sixties and seventies, were out of favour, while more recent artists did reasonably well. But since the last contemporary art auction in May was an outstanding success there seems little justification for the surprise failure, unless it is a realisation that prices in this market had reached outlandish levels.

There was some consolation at Sotheby's topographical auction in London. A volume of mid-19th century Chinese watercolours from the studio of Ting Qua sold to Spink for £36,300, double their top estimate.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Nov 1–7

Exhibitions

TOKYO

Art of Dunhuang on the Silk Road: This exhibition includes replicas of frescoes from the remote Dunhuang caves in Western China. Tokyo Fuji Art Museum, Hachioji, one hour from Tokyo. Ends Nov 24.

Van Gogh: Over 100 oils, sketches and prints, some reflecting his interest in Japanese Ukiyo-e prints. National Museum of Western Art in Ueno Park. The park is pleasant respite from the city concrete, one of Tokyo's few open spaces where autumn is evident. Ends Dec 8.

Pottery from Jomon to Edo (Pre-history to 19th century). These masterpieces offer a pleasurable experience of Japanese ceramics history, particularly the influence of Korea and China. Tokyo National Museum, Ueno Park, near the Museum of Western Art. (Ends Nov. 24).

CHICAGO

Art Institute: Chalk & Chisel combines 11 sculptures with more than 80 sculptors' drawings to show the interplay between preparation and execution in the work among others of Rodin, Carpeaux and Rysbrack. Ends Dec 15.

NEW YORK

Metropolitan Museum of Art: The travelling show India, arrives from Washington with 350 examples of six centuries and numerous flourishing periods of art and craft. Ends Jan 5.

Museum of Modern Art: Making generous use of the Riklis Collection of the McCrory Corporation this exhibit of geometric abstract art of the twentieth century entitled Contrasts of Form covers the Russian Constructivists and American Minimalists as well as cubism and Bauhaus.

Asia Society: Complementing the Metropolitan show, Akbar's India concentrates on the 49-year reign of the sixteenth-century Mughal emperor who built Fatehpur-Sikri and inspired the works represented here by 80 paintings as well as metalwork, carpets, and textiles. Ends Jan 5.

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WASHINGTON

National Gallery: 118 Master Drawings from the fifteenth to nineteenth centuries lent by the Swedish Nationalmuseum include works by Dürer, Rembrandt, Rubens, Van Dyck and Goya. Ends Jan 5.

National Gallery: The Treasure Houses of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sevres porcelain and tapestry, jewellery and armour. Ends Mar 9.

Hirshhorn: The recent allegorical and romantic strain in Italian painting is represented in a show of 48 works, primarily paintings, from 12 artists including lesser known artists such as Carlo Bertocci and Patrizia Cantalupo as well as the well known Sandro Chia, Mimmo Paladino and Carlo Maria Mariani. Ends Jan 5.

ITALY

Milan: Palazzo della Triennale: Alfa Romeo: A celebration of the company's first 75 years with photographs of key figures from its past, with project designs and vintage models. Ends Nov 10.

Florence: Museo di Storia della Scienza: A History of Spectacles. More than a hundred pairs of glasses from the Zeiss foundation (in E. Germany). This is the first time the collection has been shown publicly. Exhibition also includes engravings by Durer, Rembrandt and Japanese artists. Ends Jan 11.

Venice: Ca' rezzonico: Warsaw 1764-1830: From Bellotto to Chopin. A vast exhibition in splendid setting, organised by the Polish Ministry of Culture and the Italian Institute in Warsaw: paintings, drawings, architectural designs, jewellery and furniture lent by Polish museums, from a troubled, but highly creative, period of Warsaw's history. Ends Nov 20.

LONDON

The Royal Academy: German Art in the 20th Century – until Dec 2 – this is certainly the most important exhibition at the Royal Academy since the Post Impressionist Exhibition, in terms of the practical study of the art of our own time. But it is a partial rather than definitive treatment of its subject, more closely defined as the Expressionist Tradition in modern German Art. The pioneer expressionists of Die Brücke and Der Blaue Reiter – Schmidt-Rottluff, Nolde, Kirchner, Mueller, Macke, Marc and Kandinsky, Beckmann, Dix and Grosz are the heroes. Beuys Kiefer and Richter continue in spirit.

PARIS

Sir Joshua Reynolds: The artist's first exhibition ever in France, organised with the London Royal Academy and British Council's aid. It follows the Gainsborough and Turner exhibitions and acquaints the surprised French public with the history of English painting and with the remarkable and inventive portraitist that was Reynolds. Grand Palais, closed Tue. Wed late opening (2615410).

Picasso Museum: The 17th century Hôtel Salé, sumptuously restored, provides a fitting home for the world's largest collection of Picasso's work. It comprises 203 paintings, 158 sculptures and more than 3000 drawings and engravings, 18 collages and 88 pieces of ceramics. It is completed by Picasso's own collection of paintings by his friends, such as Braque and Matisse, or by artists he admired, Renoir, Cezanne, Douanier and Rousseau, Miró. Musée Picasso, Hôtel Salé, 5 rue Thorigny, Paris 3e (2712421). Closed on Tuesdays.

The fame of Victor Hugo. To mark the 100th anniversary of the poet's death, some 1,000 documents – grand and less grand, including caricatures, posters, photographs, try to explain the extraordinary phenomenon of Hugo's glorification. Grand Palais, closed Tue. Ends Jan 6 (2615410) Petit Palais adds to Hugo's celebrations an exhibition Le Soleil d'Encre- consisting of more than 300 of the artist's drawings and 220 manuscripts belonging to the Bibliothèque Nationale. Petit Palais, closed Mon (2651273).

WEST GERMANY

Ludwigshafen, Wilhelm-Hack-Museum, Berliner Str. 23: "Apocalypse, a principle hope?" – To honour our local philosopher Ernst Bloch, on the 100th anniversary of his birth, the museum will exhibit 400 illustrations depicting the end of the world, ranging from the middle ages to the 20th century. A book by Bloch, "Ein Prinzip Hoffnung," is the basis of this show. Among the artists are Dürer, William Blake, Arnulf Rainer, Markus Lüpertz, Joseph Beuys and Enzo Cucci. Ends Nov 17.

Berlin, Nationalgalerie: Art from 1945 to 1985. With 500 works by 220 artists the Berlin National Museum will display an extensive exhibition of post war art. Ends Jan 12.

Stuttgart, Neue Staatsgalerie: A retrospective of 81 works of the British artist Francis Bacon (born in 1909). The works, covering 40 years, are on loan from the Tate Gallery, London. Ends Jan 5.

VIENNA

Treasures From The Forbidden City, Peking: A selection of 120 objects covering 3,500 years of Chinese history from Peking's Forbidden City, the former Imperial Palace, now a museum. It includes gold and jade pieces, calligraphy of all kinds, musical instruments, costumes, paintings, porcelain vases, dishes and cups from the Ming and Qing dynasties, and paintings on silk rolls showing the elaborate ritual of the court, or members of the royal family at leisure or on one of their epic journeys. This is the last opportunity to see the collection in Europe before it returns to the Forbidden City. Museum of Ethnology, Heldenplatz, Vienna, until Dec 8.

BRUSSELS

Los Beatos: 20 illuminated manuscripts. An IXth century commentary on the Apocalypse attributed to Asturian monk Beatus (circa 775 AD). Nassau Chapel, Royal Library. Ends Nov 30.

Tapies, Chillida, López Garcia: three contemporary artists. Musée d'Art Moderne. Ends Dec 22.

Goya: paintings, drawings, etchings from Spanish public and private collections. Musée Royale des Beaux Arts. Ends Dec 22.

NETHERLANDS

The Hague, Gemeentemuseum. A glimpse behind the scenes of 18th-century opera production, with prints, drawings and scale models illustrating set design, costumes, stage machinery, and the use of gesture to heighten the dramatic action. Ends Nov 10.

SPAIN

Madrid, a selection of 162 XVIIIth century paintings including Ribera, Caravaggio, Luca Giordano, Vaccaro, Cavallino, Pretti, Caracciolo, Salvatore Rosa, Micco Spadaro, Falcone, etc. Palacio de Villahermosa, Prado Museum. Until end of Dec.

Madrid, a retrospective of 200 paintings, water and drawings by master of Cubism Juan Gris (1887-1927) on loan by private collections and museums of Europe and the U.S. The exhibition offers for the first time in Spain and Europe a good assembly of Gris's best works. Biblioteca Nacional, Sala Picasso, Paseo recoletos ... Until end of Dec.

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The reforms go on

THE Queen's Speech yesterday outlining the British Government's legislative nroposals for the new parliamentary session at least has the merit of consistency. Most of the measures fit easily together. The pursuit of further privatisation of large state enterprises seems to go well with the intention to encourage the sale of council flats as well as council houses. Each should develop the Conservatives' aim of establishing a wider property-owning, and ultimately share-owning, democracy.

Again, the decision to reform the operations of the wages councils should provide greater flexibility in the labour markets, while the abolition of statutory restrictions oo shop opening bours should creato a greater range of choice for the consumer. All that is part of the Tories' long-standing goal of freedom under the law.

It should also be said that a Government now in its seventh year of office has plainly not yet run out of ideas, nor out of its original radical reforming zeal. The Queeo's Speech contained too many far-reaching proposals to be regarded as a victory for tho consolidators in the Cabinet.

Yet this gloss of saying that the measures are all of a piece is largely ours, not the Government's. Mrs Thatcher wss not at ber best in the House of Commons yesterday afternoo. She rose to a climax only in attacking the Labour Party for professing to support the police "while their conference is passing anti-police motions and cheering to the echo descriptions of the police as 'the enemy'." For the rest, it was pretty dull stuff.

Dogmatism

This absence of flair and imagination in presenting policiea could become damaging at some stage. It is as if one micro-economic measure has aimply to be piled oo top of another until eventually there is lower unemployment, better infrastructure and an end to inner-city blight. Perhaps that is how the Prime Minister has come to see it, but it would be better if from time to time sbe could describe the wood as well as the trees.

Behind the proposed meausures there is also more than a touch of dogmatism. Tbe slogan might be: "public sector bad, private sector good," as though the Government will be happy only wben the last of the public enterprises has been sold off. There is very little about what might be done to get the public and private sectors to work together. The transfer of ownership does not in itself guarantee improved efficiency.

The dryness of this approach contains risks. Botb the Queen's Speech itself and Mrs Thatcher's elucidation of it bad two notable omissions: unemployment and reviving the inner cities. The Government can reasonably point to its offorts to lmprove the labour market to reform training and to reduce regulations in business. But the attack on unemployment needs to be broadened and sbown to be the centrepiece of its policy. Equally, a chance was missed to give priority to preventing and removing urban decay. That is the kind of visible measure that can convince the public that progress is being made.

Most of the proposed measures can be only properly judged wben the Bills are published. The reform of social security, for instance, is still being discussed despite the lengthy review by Mr Norman Fowler and the subsequent Green Paper. The test will be bow far it leads to simplificailon of the system and produces a decent balance betwean state and private schemes. The test on British Gas will be bow far it can go beyond merely transforming a public sector monopoly into a private one. The promises to establish a new regulatory framework for the financial services sector and to modernise and liberalise the law governing building societies will require the closest consultation with the parties involved and tbe closest parliamantary scrutiny as the Bills go through the House.

Fillip

There are other measures whicb will need little or no legislation, sucb as a possible agreement with Dublin over aecurity in Northern Ireland and the go-ahead for a fixed llnk across the Channel. Both should give the Government a fillip in the next few months. ft also seems determined to introduce a tax-cutting budget next year.

Thus after seven years there is no particular reason to belive that the Government is tired, out of sorts or internally divided. Yet its fate is very largely in its own hands. After the geoeral election of 1983 it became quickly bogged down in legislation that was ill thought-out. What it must do now is get the legislation right on a number of very complex measures and sho that there is a wider vislon beyond a series of micro-economic changes. On the evidence of the last parliamentary session, that cannot be guaranteed in advance.

Major questions for Marcos

THE SITUATION in the Philippines ia ton serious to be resolved by political sleight of hand. This explains the scepticism which has greeted President Ferdinand Marcos's suggestion of a snap presidential election to restore his government'a prestige and solve tbe country's mounting problema. Parallels are belng increasingly drawn with Iran and tbe fall of the Shah who also refused to introduce fundamental reforms until it was ton latc. The US, which hsd important economic political and military interests in Iran, is now casting anxious eyes at the Pbilippinea where Washington's stake is, if anything even greater.

This concern is cchoed in the region. In particular, Mr Lee Kuan Yew, Singapore's Prime Minister, fears growing civil unrest ln the Philippines followed by a communist takeover. The US Department of Defense has recently talked of widespread civil conflict within three to five years if tho country's fundamental problems are not tackled. A stream of senior US visitora to Manila bas sought to impress Mr Marcos with these dangers, apparently to little avail.

US bases

A débâcle in the Philinnlnes like the one in Irsn would bave a profouod lmpact on the region as well as on US and, tberefore, western intcrests in Asia and the Pacific. The Philippines lie astride sea-lanes between the Gulf and Japan, and control South-East Asia's access to the Pacific Ocean. They have assumed great importance as a counter-balance to the growing Soviet military presence ln communist Vietnam. The acquisition of facilities by Moscow in Cam Ranh Bay and Da Nang represents a significant strategic advance for the Russians.

Serious instability in the Philippines or a communist takeover there would threaten the giant American naval and air facilities at Subic Bay and Clark Air Base. Because of the lessons of Vietnam, the US might not try to stay in the Philipploes if lts presence became unwelcome: lt would almost certainly not wish to engage in anotber land war in the region. Even though it migbt be able to redeploy elsewhere ln the Pacific, loss of its bases ln the Philippines would be a major blow to US strategic interests.

Prolonged unrest in the Philippioea would also threaten the stability and cobesion of Asean, the Association of South-East Asian atates. The region ia one where communist and non-communist forces stand eyeball to eyeball. The fall of the Philippinea lnto communist bsnds would give inestimable encouragement to other communist movements in Asean.

Reforms

More immediately, there is tbe fact that the Philipnines is now a major international debtor. The longer the delay in implementing the necessary economic and political reforms the less likely the Philippines is going to be ln a position to service these debts.

The reforms required are substantial. They include an end to rule by decree, the basis for unhurried, free elections, an attack on corruption in government, the break-up of business monopolies run by the President's cronies, a reform of the agricultural sector and a thorough overhaul of the country's armed forces.

The big question now is whether Mr Marcos can bring himself to introduce such reforms and secure bis country's long-term future or wbether he, like the Shah of Iran, will be swept away by inexorable pressure for change. Time is running out, and an election hastily called to prop up the status quo will not win mucb more of it.

Soviet arms spending

The high price of keeping up with Reagan

By Patrick Cockburn in Moscow

MR MIKHAIL Gorbachev will lead the Soviet Politburo on to the top of Lenlin's tomb today to review the annual march-past of the Soviet army in celebration of the anniversary of the 1917 Revolution which brought the Communist party to power.

For 30 minutes, the new Kremlin leadership will watch the Kantimir and Taman Guards division, Moscow's elite garrison troops, march through the square followed by squadrons of tanks, rockets and military hardware.

This display of Soviet military strength comes at a time when there is decreasing belief in Moscow that the summit meeting between President Reagan and Mr Gorbachev in Geneva in two weeks tima will prodnce much in the way of arms limitation, though it may stabilise relations between the super powers.

Mr George Shultz, the US Secretary of State and his team of senior US officials, spent four bours in the Kremlin with Mr Gorbachev on Tuesday in a final effort to see what common ground exists between them. Ha said afterwards that there was very little narrowing of differences.

Soviet pessimism has grown since President Reagan's speech to the UN in which be emphasised the Soviet role in regional conflicts around the world, and not arms control, as the prime topic for Geneva. Last week, the President further underlined his commitment to Star Wars, the Strategic Defence Initiative programme the Sovlots insist precludes agreement on limiting offensive nuclear weapons.

Mr Shultz's visit to Moscow this week produced no sudden zig-zag in US or Soviet policy and on substantive issues the two sides are very far apart. "It is difficult to imagine any broad agreement in Geneva," writes Mr Alexander Bovin, an authoritativo Soviet commentator.

This does not mean that the summit will end in disaster. The degree of animosity between tho super powers today is less than during the first three years of President Reagan's administration. Both Mr Gorbachev and Presidont Reagan bave good reasons for appearing, and to a degree for being, conciliatory wben they meet.

The Kremlin feels that the Soviet diplomatic offensive of tho last three months bas markedly improved its image in the eyes of foreign governments and world opinion. "Moscow bas taken over the initiative in tho political and psychological preparation" (for Geneva), claimed four Soviet journalists wbo interviewed President Reagan last week.

There are other Soviet gains. Dr Gengry Arbatov, the bead of the USA and Canada Instituto ln Moscow and an important adviser to Mr Gorbachev, told Soviet television viewers last weekend that the US administration is divided on relations with the Soviet Union, and tension between the US and its allies have "reached a scale without precedent in post-war history."

But the significance of Mr Gorbachev's public relations triumphs in Paris and elsewhere can be exaggerated. He gained the political initiative by, for the first time, publicly producing a Soviet plan for a 50 per cent cut in nuclear arsenals, but there ls little sign yet that the US will seriously modify its defonce plans.

Although public commant concentrates on Star Wars and Cruise and Pershing II missiles, Moscow is worried by the level of US defence spending as a whole. Last week the Communist party daily Pravda pointed to the US defence budget of $302.6bn for Fiscal 1986 as the real measure of US policy in Soviet eyes.

This is very aerious for Moscow. Better relations with Washington after the Geneva summit may reduce tha degree to which Soviet leaders feel threatoned by President Reagan, bnt at the end of the day they have always seen *detenta* as being based, not on perceptions, but on parity in nuclear weapons and the means to deliver them.

This, they believe, they achieved in the late 1960s wheo they deployed intercontinental Ballistic Missiles able to hit the US. They reinforced strategic equality when they were able to match the US in placing multiple independently targetable nuclear weapons (Mirvs) on each missilo in the late 1970s and today have parity in war-beads.

The Soviets see high US defence bndgets as an attempt to erode this parity, based on unavoidable mutual destruction in the event of nuclear war, and to reassert the superiority enjoyed by tha US in the 25 years after 1945.

They are also worried that, in seeking to compete with the US in defence spending, their economy will be seriously overstrained. Senior Communist party Central Committee officials have quoted Mr Caspar Weinberger, the US Defence Secretary, as saying in 1980 that ln trying to keep up, the Kremlin might break the back of the Soviet economy.

This is a little overstated but Mr Gorbachev, and most of the men around him, rose to power as proponents of economic reform. A more bostile international environmant means higher defence allocations, less investmant in the civilian economy and a more limited chance of success in changing the way the Soviet economy is run.

The Soviet defence budget is estimated to take already up to 13-14 per cent of the Soviet Gross National Product and is a serious burden on the economy. To accelerate growth in defence spending would mean a re-allocation of resources from the civilian to the military aector. Mr Gorbachev has already said that be needs a growth rate of at least 4 per cent a year if he is to meet the competing needs of investment, consumption and defence. This is almost twice receot performance.

The Kremlin has decided that consumer spending cannot be cut to strengthen defence...

An escalation in the Soviet defeoce budget now would be all the greater a shock to the economy because it has not been rising fast in recent years.

A CIA report to Coogress on the topic last year concluded: "There have been two distinct periods in Soviet defence spending since 1965: before 1976, growth in defence speoding averaged 4 to 5 per ceot per year; after 1976, the rate of increase in spending dropped appreciably to about 2 per cent a year."

The fall-off was probably motivated ln part by the problems of the economy and the low rate of growth as a whole dnring the last years of President Brezhnev. But *detente*, at its peak after tho Vladivostok accords in 1974, and the belief that a strategic balance with the US bad been attained, also played a part.

Despite the increase in US defence spending since the last years of Presideot Carter, there has been no parallel jump in Soviet defence allocations, although there have been muffled cries of anguish from senior Soviet military officers.

Marsbal Nikolai Ogarkov, until late last year Soviet Chief-of-Staff, was the most eloquant advocate of the Soviet armed forces competing with the US in introducing expensive high-technology conventional weapons. He argued that "given the quantity and diversity that has been achieved ln nuclear missiles," a first strike without retaliation is impossible.

The real change in warfare, said Marshal Ogarkov, was in high technology which was "making it possible to increase sharply, by at least 10 times, the strike potential of conventional weapons." Implicit in this analysis of Soviet military needs is higber spending.

The cause of Marsbal Ogarkov's dismissal at the end of last year, never fully explained, was almost certainly a consequence of this demand for more allocations to match the US military build np. On the day before his removal, the Communist party daily Pravda ran an editorial implying that the Soviet leadership had turned down a proposal to cut consumer programmes to strengthen defence.

"Despite the current tense international situation, which requires diverting considerable resources to strengthening the aecurity of the country, even thinking about cutting the social programme is inadmissable," said tho newspaper. On tho day Of Ogarkov's dismissal, the military newspaper Red Star ran the same editorial.

Tha removal of the Soviet unlon's senior professional soldier is the most dramatic outcome of the debate within the Soviet leadership on bow they should react to US defence expenditure. But, overall, they seem to have concluded that the US will find it very difficult to change the present military halance, though the US might obtain an edge ln some areas such as Star Wars.

The US defence bnild-up ls all the more significant for US-Soviet relations because in other areas, President Reagan's confrontationat attitudes have not translated in confrontation policies. In the Third World, China and Western Europe, US competition has not proved noticeably more intense over the past four years than under President Carter or his immediate predecessors.

In the regional conflicts ln Afghanistan, Angola, Cambodia, Ethiopia and Nicaragua, where President Reagan has accused the Soviets of being the hldden band behind local wars, there is, apart from Afghanistan, only limited super power involvement. The most serious defeats for US foreign policy in Iran and Lebanon were not inflicted by the Kremlin.

There is nothing today, dlplomats point out, on the scale of super power confrontation ln Vietnam and the Middle East in the early 1970s when *detente* was supposedly at its height.

In nono of the five cases is the Soviet Union likely to modify its support for the existing government. This ls because it thinks it is in the right, betieves its allies are winning and also wants to link itself more closely with Third World countries though the centre of gravity of its foreign policy remains fixed in Washington.

An example of this came last week when Mr Gorbachev took tho opportunity of an official visit by Haile Mariam Mengistu, the Ethiopian leader, to attack US poticy in Africa. The Foreign Minister of Mozambique arrived in Moscow last Sunday a few bours before Mr Shultz.

This shift in emphasis is largely no more than a common-sense change in policy after the 10-year long leadership crisis wbicb ended with the election of Mr Gorbachev in March. It is also a sign that the days of Mr Andrei Gromyko's single-minded concentration on relations with Washington are over.

Both the extent of US defence spending and the lack of sustained geopolitical confrontation in the Third World and elsewhere in the first half of the 1980s has come as a surprise to the Kremlin. When President Reagan was elected in 1980, the Communist party Central Committee had a study made, not on whether he would increase defence spending, but by how much could the US afford to do so.

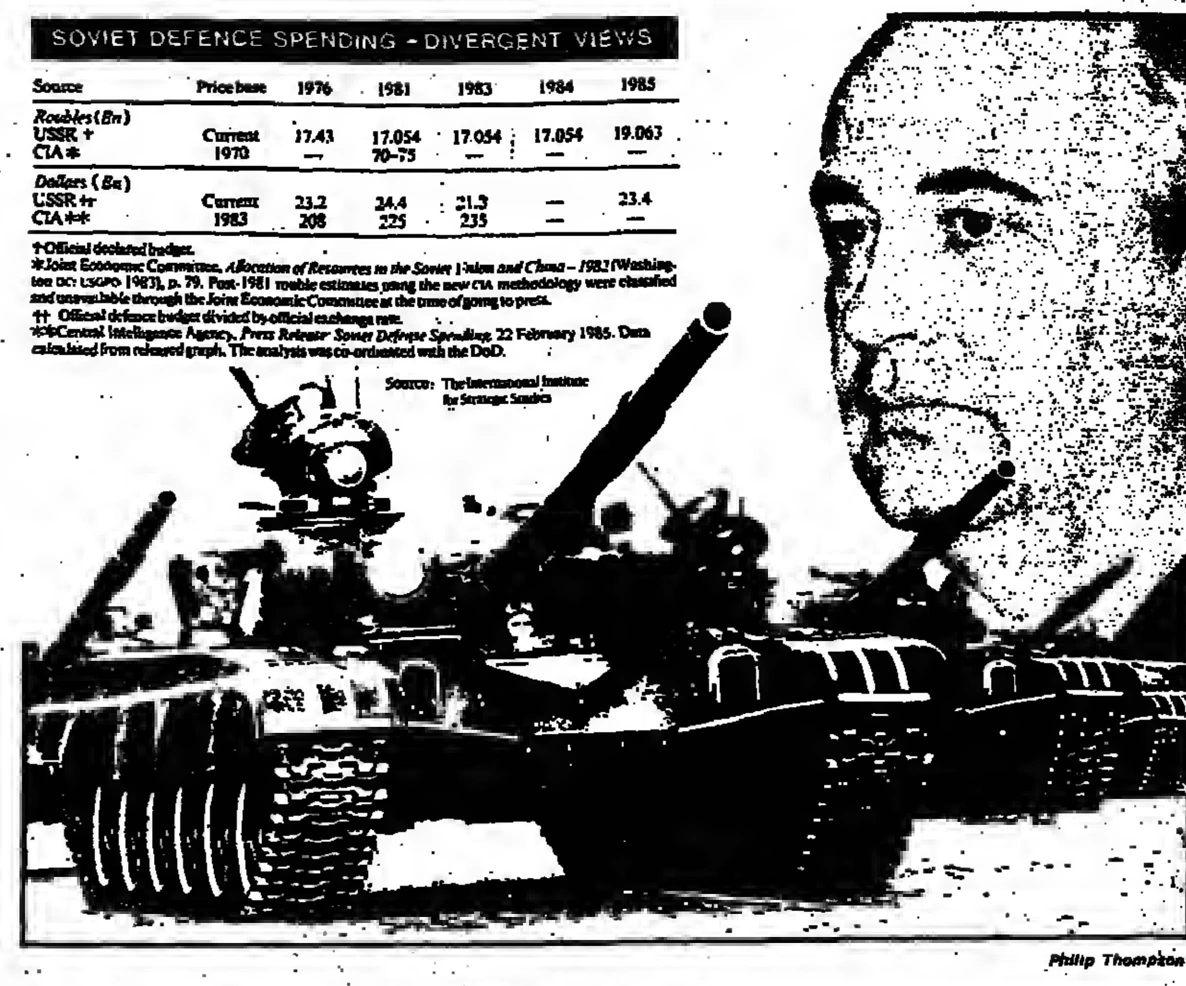
The Soviet view is somewhat more confident today. The White House's confrontational attitudes has not always meant confrontational policies. Diplomatic dialogue, such as Mr Shultz's mission to Moscow and the impending summit in Geneva, has partly displaced the hardline rhetoric of 1980-83.

This ls an improvement on before, but it ls doubtful if relations have improved to the point where substantive negotiations will produce significant restraint on the military arsenals of the two sides.

SOVIET DEFENCE SPENDING - DIVERGENT VIEWS

Source	Price base	1976	1981	1983	1984	1985
Roubles (Bn)						
USSR †	Current	17.43	17.054	17.054	17.054	19.063
CIA *	1970	—	70-75	—	—	—
Dollars (Bn)						
USSR ††	Current	23.2	24.4	21.3	—	23.4
CIA **	1983	208	225	235	—	—

† Official declared budget.
* Joint Economic Committee, *Allocation of Resources in the Soviet Union and China – 1983* (Washington DC: USGPO 1983), p. 79. Post-1981 rouble estimates using the new CIA methodology were classified and unavailable through the Joint Economic Committee at the time of going to press.
†† Official defence budget divided by official exchange rate.
** Central Intelligence Agency, *Press Release: Soviet Defence Spending*, 22 February 1985. Data calculated from released graph. The analysis was co-ordinated with the DoD.
Source: The International Institute for Strategic Studies



Philip Thompson

Men and Matters

Sweet smell of success

Ronald Perelman, the 42-year-old financier who has emerged victorious from the bittor battle for Revion, the US cosmetics and health care group, says his idea of a good time is to go to sleep at 10 pm.

Despite his reputation as a socialite—he is married to an entertainment reporter and is regularly seen hobnobbing with the rich and famous, Perelman ia a retiring sort of person, and is certainly not used to the spotlight that has been focused on Revlon.

At one stage, he was dismissed as "a junk bond bust-up artist" by Michel Bergerac, Revlon's chief executive, wbo is now retreating from the scene witb around $35m to soothe his feelings.

Perelman shrugged off Bergerac'a comments as "misleading and irrelevant rbetoric," but there is no doubt that be is regarded on Wall Street as coming from the same stablo as corporate raiders like Irwin Jacobs and Carl Icahn—a takeover specialist who has no compunction about dismembering a company to pay down the debt raised for the transaction.

At Revlon, Perelman has made it clear that be will sell some divisions, thougbr he has not yet decided which.

His record indicates that be does not break up companies completely. Since be began moving into the takeover field in 1978, be has built up a broadly-based conglomerate of interests, concentrating he explained recently, on strong cash-flow generators that are "free from major capital expenditure requirements."

Pantry Pride, a publicly-quoted Florida supermarkets group, in whicb Perelman's privately-owned MacAndrews & Forbes Holdings took a 37 per cent stake only a year or so ago, bas been changed out of all recognition since, with most of the original supermarkets sold, and money raised for the foray against Revlon.

MacAndrews' other holdings include video cassette manufacturing, film processing, cigar making and commercial chocolate distribution—none of them an obvious fit with Revlon's perfumes and cosmetics.

Carrian costs

One of the "most expensive history lessons" ever taught in Hong Kong — that was how Sir John Bremridge, tbe territory's financial secretary, yesterday described the criminal investigations into the HK$10bn (£90m) collapse two years ago of Carrian Invesments, tho Hong Kong property and shipping group.

Bremridge told the legislative council that government inquiries into tbe affair, which bad a domino effect on companies througbout Hong Kong, had cost about HK$45m (£4m).

The trial of former Carrian chairman, George Tan, and four associates, expected to start in February and last for six months, would cost another HK$27m (£2.4m).

"I'm borrified by the expense of the inspectors' work so far," said Bremridge, "borrified by the fact that nothing can be published because it would prejudice tha outcome of the trial, and am even more borrified that wbat they have discovered cannot be used as evidence ln court."

Electra sparks

Electra Investment Trust, whicb is already mapping oot prospective specialist areas for investmant after the City's Big Bang, ia underpinning its top management with Michael Bentley, at present a group managing director of the merchant bank Schroders.

Bentley, aged 51, is joining Electra in January and will begin by sharing the cbief executive responsibilities with Michael Stoddart, the present chief executive and deputy chairman.

The intention is that Stoddart should become chairman in June, making room for Bentley to become chief executive.

In 10 years Electra has increased its assets from £50m to £250m, and lately has made its mark by its involvement in many of the management buy-outs in Britain.

Together with Candover Investment Trust, Electra is now busy launching the Electra Candover Direct Investment Plan which is intended to mobilise some £250m for investment in large-scale management buy-outs.

The arrival of Bentley will be a significant contribution to what Stoddart refers to as the need to "enhance management" for Electra's expected rapid growth.

Bentley, a chartered accountant, worked for Lehman Brothers in New York before joining S. G. Warburg in London in 1962. In 1976 he went to Lazards to take responsibility for the development of Korea Merchant Banking Corporation. At Schroder's his principal job bas been as head of the group corporate finance division.

Home run

Lloyd's insurance market prides itself on being an international business. More than 4,000 of the 26,000 members who support it with tbeir pledged wealth come from overseas. Yet not one overseas member bas a seat on the ruling council.

Three overseas candidates—Dutch banker, John Van Der Hagen, Canadian iovestment dealer, Derek Hannaford, and US insurance broker, Phil Gallagher — occupied the bottom places in the latest poll for the election of representatives of Lloyd's external members.

But if overseas members still have to make an impression on the establishment, I suppose lt could be argued that the election of John de Courcy Ling, a British Conservative Member of the European Parliament, is a gesture to internationalism.

De Courcy Ling bad powerful bome-based backers, bowever. His nomination papers were signed by former Cabinet Minister, Sir Humpbrey Atkins, the Duke of Norfolk, Sir Peter Vannek, the Marquess of Hertford and Lord Weidenfeld among others influential members of the market.

According to his manifesto, de Courcy Ling foresees the liberalisation of the European Community's insurance market. "I want to ensure that Lloyd's seizes any new opportunities, particularly in Germany," be says.

With the European Court now reviewing freedom of services in insurance, his election could be timely.

Forte's tie

Trusthouse Forte bas at last agreed tho terms of a merger which bas been the subject of speculation for many years and which some ssid would never bappen . . . but the Savoy directors can rest easy, at least until next February.

The "merger," of course, is the engagement of Rocco Forte, THF's 40-year-old chief executive who has long been regarded as an eminently eligible bachelor, to Aliai Ricci, the 20-year-old daughter of an Italian neurology professor.

Forte, a well-known workabolic, seemed almost to regret the time spent on yesterday's announcement to the press and the inevitable photocalls.

"It's been a bit chatoic today," be said, "but it's back to normal tomorrow. She knows she's marrying somebody who spends a lot of time in the office."

But it is after the wedding, to be performed next February by a Cardinal friend of the Ricci family, that the Savoy will have to be on guard. "Once I organise and regularise my social life," says Forte, "I'll be able to devote a lot more time to that matter."

Observer

ECONOMIC VIEWPOINT

UK prospects fair, but . . .

By Samuel Brittan

A FRIEND of mine, who has since become a distinguished economic forecaster, told me that he used to read himself to sleep as an undergraduate with Bertrand Russell's *Problems of Philosophy*. "It was interesting enough to hold my attention, but not so interesting that it prevented me from going to sleep," he remarked.

The British economy is in a similar state of affairs. Abstracting from the miners strike output is rising by 2½-3 per cent per annum, or rather more allowing for under-recording. This is just about enough to stabilise unemployment. Whether the total falls slightly, or rises slightly, will depend upon the balance between the number of people taken off the dole into Community programmes and other special measures, and the absorption of new jobs by part-time women not previously registered as unemployed.

Next week's Autumn Statement will be a dead loss as the meagre scraps of forward information hitherto given on the fiscal outlook will be withdrawn.

The outline is clear enough today. The Treasury will miss its original 1986-87 departmental spending target, even in anticipation, by £2 to £3bn. It can argue that because of the overshoot of inflation in *1985*, the *level* of prices in 1986-87 will be higher than originally expected and that there will be rough stability in real terms.

It is nevertheless a setback. The original reason why the Treasury switched to forward planning in cash terms, instead of taking the technically superior "cost terms" option, was precisely because it wanted the spending departments to absorb the effects of an occasional modest inflationary overrun and not expect an automatic cash adjustment.

One could shrug this off by saying with Adam Smith: "There is an awful lot of ruin in a nation," if only the Chancellor would admit what has happened and use it as a basis for a public crusade against the spending lobbies, instead of stepping up asset sales next year from £2bn to anything up to £5bn to take advantage of the accounting accident that they count as negative expenditure.

Similar remarks apply to fiscal policy. The Chancellor indicated in his March 1985 Budget Speech that the fiscal-monetary mix was not sacrosanct. Many analysts expect a loosening of fiscal policy in the Budget Speech to offset the tight interest and exchange rate policy.

There are many good arguments for such a switch. But why not be open about it, instead of covering up fiscal relaxation by asset sales?

Where the Chancellor is right is in his castigation of those pessimistic forecasters who are always expecting growth to tail away in the coming year, and as that year approaches postpone their predictions to the one following. If you look, not at the CBI's policy representations or to vague questions about optimism, but at harder questions in the CBI survey about expected output and employment, you will find little change between July and October and indeed not much change since 1983.

One reason why some economists were previously expecting a falling-off lay in the international outlook. They expected a US slowdown to drag down world growth and the British economy with it. Events have been different.

The European Federation of Employers Organisations expects a growth rate of 2¼ to 2½ per cent this year, virtually the same as in 1984. It also forecasts only a decimal point retardation in 1986—which now looks distinctly pessimistic.

In the US itself the outlook is for faster growth in 1986 than in 1985. There has been a major relaxation in Fed policy in the interests of a more "competitive" dollar. The Fed will be reducing interest rates if growth threatens to flag, but not letting them rise when growth accelerates.

The policy is rationalised because the weakness of commodity prices is holding back inflation even in the face of Fed relaxation. In any case the real effect is expansionary, both directly and via the planned depreciation of the dollar, which has gone about half the way intended when the Finance Ministers met in New York at the end of September.

More expansionary US monetary policy is not being offset by greater tightness in any other major country except Japan. The Bundesbank president, Karl Otto Pohl has categorically denied any intention of pushing up interest rates.

OFFICIAL LABOUR COSTS ESTIMATE

(% Increase on Previous Year)

	Labour Costs* Per Unit of Output Whole Economy	Wages and Salaries Per Unit of Output Whole Economy	Wages and Salaries Per Unit of Output Manufacturing
1978	12.2	11.6	13.2
1979	14.7	14.1	15.0
1980	21.2	21.1	22.2
1981	9.6	9.0	9.3
1982	3.4	4.3	4.9
1983	3.4	3.9	1.3
1984	2.6	3.5	3.4
1985 Q1	2.8	3.8	5.4
Q2	2.4	3.2	6.4
Q3			6.5

*Including eg National Insurance and N.I.S.
Source: DE Gazette

The Japanese, who have raised interest rates slightly, will be under overwhelming pressure to make sure that this is more then offset by fiscal relaxation (which we may see in a smaller degree in Germany too). The developing countries too are likely to grow faster and import more, following US pressure on the World Bank and the commercial banks to put up more "new money."

These measures may not be very profound, nor do more than buy a little more time. But the world economic climate is not "deflationary" except in the oil and commodity markets —where lower prices will serve to stimulate real spending power elsewhere. (The net effect will be expansionary as commodity markets react to pressure by price changes, while product and labour markets react more by quantity changes.)

Despite the improved world outlook, the main sources of UK growth next year are expected to be domestic in the view of both Treasury and outside forecasters. The London Business School for instance expects personal consumption growth to rise from 1¾ per cent in 1984 to 2½ per cent this year and 3¼ to 4 per cent in 1986. Export volume on the other hand is expected to rise only half as fast next year as this, while imports are expected to rise a little faster. Fixed investment should also contribute a little less to expansion in the LBS view.

Much more important than the year to year variation in the expenditure components has been the change in the composition of the national income; above all the takeoff in company profits. Between 1981 and 1986, corporate profits, excluding both stock appreciation and North Sea earnings, will have risen by nearly 160 per cent according to LBS estimates. As a percentage of GDP the rise in profits, as defined, has been from less than 6 per cent to almost 10 per cent.

Perhaps the aspect of the outlook on which there is greatest disagreement is whether the fall in inflation to 3½ to 4 per cent expected next year by the Treasury is part of a continuing downward trend, or whether it is a flash in the pan due to falling commodity prices and the recovery in sterling from last winter's low, these things being by their nature ephemeral.

Much publicity has been given to labour costs in manufacturing, which are now estimated to be about 6½ per cent higher than a year ago. If (a) I believed senior peers on the overwhelming importance of manufacturing and (b) I believed these official cost estimates, I would be thinking more of *The Great Crash* than of *Problems of Philosophy.*

Let me concentrate on the second point. If you look at the whole economy, wages and salaries per cent of output rose by 3½ per cent in 1984 and at exactly the same rate in the first half of 1985. This has some claim to be regarded as the "core" rate of inflation.

This is in practice often increased by factors such as the upward creep of domestic rates or above-indexation increases in nationalised industry prices or indirect taxes. It also receives temporary boosts from forces such as the rebuilding of profit margins or interest rate increases. It can also be affected both ways by international influences. Nevertheless, the core remains the core.

But contrast this core rate of cost inflation of 3½ per cent with the 6½ to 7 per cent reputed rise in manufacturing costs. I have not been slow to comment on industrialists who raise pay at the expense of jobs. We have recently been reminded that manufacturing production has not shared in the general recovery, being on the last count 6 per cent down on the 1979 peak (which was itself 2 per cent down on the peak of 1973).

Is it likely in these circumstances that British manufacturers would have granted pay increases which raised their costs more than twice as fast as the rest of the economy? Indeed on the basis of official cost estimates, British unit costs in manufacturing have risen by 30 to 40 per cent more than costs in main competitor countries since 1978, taking into account all the gyrations of sterling. It is difficult to reconcile such figures with the continued existence of many British companies, let alone the spectacular profits recovery.

One reason, suggested to me by my *Problems of Philosophy* friend, why manufacturing costs are overestimated is the shift from direct labour to contract work, whether for services such as cleaning or the manufacture of components. These outside contractors pay less than mainstream union rates (which is why it is profitable to employ them). An earnings index based mainly on union rates plus overtime and bonuses is therefore likely to overstate wage payments made by the whole manufacturing sector.

The official estimates show the growth of output per head ("productivity") in manufacturing rising to a peak of 7½ per cent in 1983 and falling to 3 per cent this year. If this tailing off has been exaggerated by the figures, here is another reason why labour costs in manufacturing are not rising as fast as usually suggested.

The policy implications cut both ways. The CBI would like to say that since they suggest a better inflation outlook the Government can relax on interest rates and sterling. But to the extent that "competitiveness" is less under threat, the case for relaxation is that much weaker.

My Lombard article a week ago explained why deliberate depreciation would most likely be eroded in pay awards (to a much greater extent than it would in the US).

The main reason for worrying about excessive pay increases, in manufacturing or elsewhere, is the effect on jobs, rather than on inflation or on profits. A strong exchange rate can take care of the inflationary implications—bearing in mind always that this is only an option for some countries at some times, and never for the world as a whole.

By investing in labour-saving machinery and economising on the use of workers, employers have learned to offset the effects of high pay rates on profits. The real damage is to those who are priced out of jobs (or into the marginal economy) and who are not represented at the bargaining table.

There is a limit to what conventional policy can achieve here — other than to cease simple-minded preaching about "productivity." But it does seem to me that if a given rate of demand growth is achieved by relatively loose fiscal policy and relatively high interest rates the incentives to substitute labour for capital will be less than with some alternative policy mixture.

Lombard

New ideas on the Channel link

By David Marsh in Paris

Undoubtedly as a result of slipping standards caused by rampant deregulation in international air courier services, the following letter has been delivered by error to the FT offices.

Ma chère Margaret,

It is now some little time since we communicated by the written word. I recall your last intervention was on the occasion, a year ago, of an unhappy incident concerning explosives at our representation in London. We have now accepted your apologies over the matter and, as agreed, have asked our experts to deplace their experiments towards the Pacific.

I would now like to suggest that you and I—despite some differences on the surface—are united by our common paradoxes. In our two old nations of Europe, we are indeed experimenting a particular situation. Since I came to power here in 1981, many things to which I gave but few cares, and which I did try consciously to impede—football, the stock market, company profits, arms sales, Americans in Paris and leveraged management buy-outs—are doing rather well.

I signed petitions against nuclear energy—now we are acquiring 60 per cent of our electricity from uranium. I once considered joining Greenpeace (it was however not possible to pay subscriptions in Swiss francs). Now I have to stop the army press office from diffusion photos of me swimming in the lagoon of Mururoa.

I am a man of literature, of the countryside, of forests. Now I find my advisers heaping me with reading lists composed of manuals on software, nuclear missiles and fiscal incentives for start-up businesses. Worse, they ask me to make speeches on the European Currency Unit.

I have never been extremely interested in other countries but France. Now, partly for the domestic reasons which you understand too well, I am seldom out of an aeroplane. I find my gaze turning increasingly towards your side of the Channel. I believe de Gaulle—whom I used to pretend to oppose—spent some interesting months in your country some time ago. I find myself looking beyond the tunnel, the two-way electricity cable and the optical fibre link with Downing Street about which the Compagnie Generale d'Electricite will be coming to see you shortly.

I note that in Britain your unemployment, interest rates, money supply growth and inflation are all coincidentally higher than here. You are borrowing money abroad to keep up the reserves—we are paying it back. You are considering entering the European Monetary System, where we would be pleased to welcome you if it would help you adhere to our financial disciplines.

I know we have had our contretemps in the past. Lamb is still off the menu at the Elysee. We were surprised at how much oil you were prepared to buy to sell aeroplanes to Saudi Arabia. We have indeed let it be known in Washington that our commitment to free trade would not permit France to descend to writing letters to try to win military telecommunications contracts.

None the less, I would like to make a proposal which could be in our mutual interest. You will have learned, I am sure, from your embassy dispatches here—which we always find very well informed —that, in spite of my sucess in revitalising big business, cutting income tax and reducing real wages, I have political adversaries in France. Mainly, I believe, they are on the left. You, I understand, are coming under attack even among those in your own party who are disseminating the fiction that, a mere 60, you can be lacking in vitality.

The electorate in France is looking for a credible leader figure from the right who personifies firm government and liberal thinking. The British are seeking a man of state leaning (but not too much) to the left, who knows how to change his mind and has somewhat more maturity in years than the alternative candidates on offer.

The solution is obvious. We should change places, at least for six months, which is anyway the limit of our political horizons. I can offer you Fabius, a personable young man I have helped in the past who is now looking after operations for me, to show you the ropes. Do not worry about the language — it is, after all, gestures which count the most.

Yours with fraternal consideration,
François

Letters to the Editor

Decision making

From Mr K. Smith,

Sir, — In questioning Samuel Brittan's critique of the Aldington Report (October 22), I suggested that market economies face problems in long-range investment decision making, and gestured at some reasons for this. Therefore intervention in support of manufacturing investment — its objectives, scope and so on — should be a part of policy debate, and is rightfuly on the "agenda of government". In contesting my views Mr Wolf, of the Trade Policy Research Centre, (November 2), apart from stating the obvious ("Utopia is not an option") and constructing silly inventions (such as that I assert the capital market does not exist), adopts the simple expedient of ascribing to me views that I do not hold. This enables him to set up a straw man which he vigourously biffs about.

His arguments boil down to two assertions. Firstly, in the absence of the Arrow-Debreu contingent markets necessary to provide signals for future production and trade, the capital market will do the trick, since "it embodies the best available guesses of what the future consequences of present actions will be". Mr Wolf apears to think that this proposition is demonstrated by economic theory which is not so. What happens in capital markets are precisely guesses, which can be good or bad. We have no warrant for thinking they are the best available. Long term planning is based on strategic behaviour not market signals, and it is at least questionable whether firms in isolation are the best institutions for this function. From this I suggest that interventionist strategies should be an area of research and debate, bearing in mind that no particular policy conclusions follow from the fact that the market mechanism normally — or always — works in a sub-optimal manner.

But if I do not draw conclusions, Mr Wolf will do it for me. His second assertion is that the alternative to the unfettered market is that all key choices should be made by the "political mechanism", by "politicians and bureaucrats". Let us get this straight: I do not believe that this ludicrous suggestion is either feasible or desirable. Where private institutions will do the job I am in favour of them: Mr Wolf finds this "puzzling", but only because he leaps — with no justification whatsoever — from my hesitations about the market mechanism to the idea that I "despise" markets. On the contrary, I believe that insofar as intervention is necessary the problems lie in constructing market-led or, as the Japanese say, "market conforming" industrial policies, and that this requires high levels of internal and external competition.

Wolf may be right in thinking that politicians and the bureaucracy have limited interest in "actions which will bring benefits long after they have left their jobs". But the same point applies, *mutatis mutandis*, to the managements of large corporations. Our predicament is not simply the result of failures in "the capacity of the British political system to make these sorts of choices": the problems run right through British political and industrial decision-making. I hope that we can learn from our mistakes, but a precondition for doing so is that we stop trying to discuss critical policy problems in terms of a mindless distinction between laissez-faire and bureaucratic control.

Keith Smith,
Department of Economics,
University of Keele,
Keele, Staffs.

Wrong rates of pay

From Lord McCarthy,

Sir, — In his Wincott Lecture, as reported on November 2, Samuel Brittan develops his long-held view that "pay rates at the wrong level" are "the heart of present day unemployment". The work of empirical labour economists suggests that this is a mistaken view.

Brittan assumes that if employers pay "more" to their existing workers than the "price" of labour in the external market this must be due to union pressure or mistaken philanthropy. In either case the result is that they employ fewer people than they should and thus prevent a return to full-employment.

But labour is the only factor of production which is priced twice: First, to recruit and retain it; second, to reward and motivate perfomance. Studies show that if there is a surplus in all or part of the external market it does not follow that the sensible thing to do is reduce entry rates or seek to restrain the rate of growth rates in general. This is likely to damage motivation and performance.

For the maximisation of performance, and the ready acceptance of change, requires a relatively stable internal pay structure, designed to fit variations in performance levels and assist changes in job content. Where possible the real value of the internal reward system that results should be maintained or improved — even at the price of continued additions to job content. Otherwise "high-flyers" leave and there is a growing resistance to change.

It follows, as your editorial on the same day suggested, that for efficient firms the critical variable is the size of the total wage bill, plus its relationship to unit labour costs. These factors are much more important than the chance of exploiting lower offering prices in the external market. They remain critical whether there are unions in the firm or not. They have nothing to do with philanthropy.

A full realisation of the importance of pay in motivating and rewarding the existing labour force also helps to explain why, in Britain, real wages and salaries have continued to advance despite a three fold increase in unemployment. It helps us to understand why pay has advanced fastest among managers and chief executives. It is why most firms ensure that pay is kept in line with prices even while they are declaring massive redundancies. It is one of the many reasons why the notion of "market clearance" is quite useless as a tool for explaining how labour markets actually work.

Above all, in policy terms, it suggests that significant reductions in the present level of unemployment will not be induced by lecturing British managers on the need to cut pay to help "price people into work".

McCarthy,
Nuffield College,
Oxford.

Real exchange rates

From the Editor,
Exchange Rate Outlook

Sir, — Any article which claims to throw "new light on the trend of real exchange rates" (October 30) captures my attention. I was, however, rather disappointed to discover that the light in question was being shed by our old friend purchasing power parity, which is not exactly new. We have published monthly PPP exchange rate calculations since 1982.

The interest of PPP calculations, as your contributors rightly stress, is that they give some objective guidance on the appropriate absolute level of exchange rates. I also agree that the proper basis for the PPP calculations is a basket of tradeable goods. The PPP exchange rates that we publish are based on the United Nationals Statistical Office study of 1975, carried out by Irving Kravis, the "master researcher." Figures for tradeable goods PPP can be directly derived from that work, and we have updated them using the OECD index of producer prices, which is a reasonable proxy for tradeable goods prices. I believe that this methodology is superior to your contributors', which uses retail prices and attempts to eliminate the bias this causes by carrying out a productivity adjustment.

Our calculations show the following actual and PPP figures for the key cross-rates at the end of October:

	Actual	PPP
Dollar DM	2.61	2.02
Dollar pound ...	1.44	1.73
Dollar yen	211	165
Sterling DM ...	3.76	3.50

Bill Robinson,
London Business School,
Sussex Place, NW1.

Marketing insurance

From the Director General,
British Insurance Brokers' Association

Sir,—In his review (November 4) of the forthcoming regulation of the marketing of insurance, Eric Short says that all independent intermediaries will be subject to controls similar to those imposed on registered insurance brokers by the 1977 Insurance Brokers (Registration) Act. Unfortunately this is only so for business which Government has defined as investment, including life assurance and unit trusts, but not for general insurance such as motor, household or personal accident. He rightly says that this association has campaigned for years for all insurance intermediaries to be brought under control.

When the new legislation is in place, there will, apart from insurance broking, be no proper regulatory system for general insurance business which will inevitably attract those intermediaries unable or unwilling to meet the requisite standards for dealing in investment business. Further, there will be no adequate protection for the consumer who can suffer loss no less severe from incompetent or negligent advice as with investments. The Government has been reluctant to extend statutory control to this area, but to do so would be entirely consistent with its general policies on consumer protection, fair competition and high standards of conduct and competence. The loophole should be closed: a partially regulated market is an unregulated market.

J. C. T. Hackett,
14, Bevis Marks, EC3.

FINANCIAL TIMES
Thursday November 7 1985

Channel link rivals start lobbying

BY DAVID MARSH IN PARIS

LEADING French backers of the project to build a railway tunnel beneath the Channel yesterday launched the opening shots in what is likely to be a three-month lobbying battle against a rival plan to build a combined Channel road bridge and tunnel to be followed by a rail tunnel.

The France-Manche group, which is a French component in the Anglo-French Channel Tunnel consortium, attacked the technical and economic basis of the rival EuroRoute's plan for a road bridge link.

The two Anglo-French consortiums, grouping banks and construction companies, are the front-runners in the competition to win a fixed transport link between Britain and France.

The London and Paris governments are due to decide in January which one, if any, of the four rival projects will be approved.

Mr Jean Paul Parayre, head of the France-Manche consortium and former chairman of the Peugeot car group, said the rival EuroRoute project involved "three times as many risks" as the Channel Tunnel plan for a twin-bore rail tunnel.

He said financing plans for the EuroRoute link were "hypothetical and hopeful" whereas his consortium had already put together provisional commitments for FFr 50bn ($6.3bn) in credits from 31 international banks.

Mr Francis Bouygues, chairman of Bouygues, France's biggest construction group, which is a leading member of the France-Manche consortium, called the EuroRoute scheme an "absurdity". He said it would cost twice as much as the tunnel scheme and carry only 80 per cent of the traffic.

The backers of EuroRoute admit their project is more expensive, costing a total of about FFr 100bn against FFr 53bn for the Channel Tunnel project. EuroRoute envisages a road bridge linked via artificial islands to a tube tunnel embedded in a seafloor trench, with a separate rail tube to be built later.

Mr Bernard Guyon, a member of the EuroRoute financing team at Société Générale, one of the big French banks sponsoring the scheme, said last night, however, that EuroRoute made more economic sense.

Pointing out that drivers would have to place their cars on trains to cross the Channel with the tunnel plan, whereas they could drive straight over with EuroRoute, he said: "Cars are not made to be transported; they're there to be used."

He also said EuroRoute was adopting more flexible financing than the Channel Tunnel group. The latter had "closed" their funding plan while EuroRoute was keeping options open to finance parts of the project where industrialists would be chosen on the basis of international tenders.

Yesterday's press conference by the France-Manche consortium was attended by Sir Nicholas Henderson, Britain's former ambassador to Washington and Paris, who is the chairman of the UK Channel Tunnel consortium.

Although more diplomatic than his French counterparts, Sir Nicholas said he was "convinced" that the Channel Tunnel project fulfilled the two governments' technical and financial criteria.

Mr Parayre said EuroRoute was guilty of "deception" in pretending that its road link would be similar to a motorway. Mr Bouygues said EuroRoute's spiral ramps connecting the road bridge to the submerged tube would have the characteristics of "fourth class roads," making the link a "decathlon" for experienced drivers.

Mr Bouygues said the rival scheme would need electricity equivalent to the output of a 400 Mw nuclear power station, while the tunnel would need only small amounts of energy to operate.

Mr Parayre said that the Channel Tunnel would be less in danger from terrorist attack. Engineers from France's atomic energy commission (CEA), which has considerable experience in carrying out underground nuclear explosions, had run computer simulations showing that a lorry packed with TNT blown up in mid-tunnel would not damage the fundamental structure because of the weight of compressed rock separating the tunnel from the sea.

Signetics' losses to hit Philips earnings

By Laura Raun in Amsterdam

PHILIPS, the Dutch electronics group, expects lower profits this year after posting lower earnings in the first nine months, mostly on "considerable" losses at Signetics, its US chip subsidiary.

Philips also plans to raise about $138m with an 8.6m-share equity offering in the US before the end of this year. On the Nasdaq over-the-counter market, Philips closed at $16.75 on Tuesday.

Mr Johannes Zantman, vice-president in charge of finances, said yesterday that the time was ripe for a share offering, although he declined to make any profit or sales forecasts for 1986.

The fourth-quarter results primarily will depend oo the US operations, which account for oearly a third of total sales, and will improve only if the semiconductor decline is offset by a seasonal boost in consumer electronics. Christmas buying in the US traditionally buoys the consumer electronics division.

Net income dropped 22 per ceot to Fl 611m ($207m) in the first nine months, almost entirely due to the industrial-supplies sector and especially Signetics' losses. A recovery in the US chip industry, however, is not expected to help Signetics back into profit before oext year despite a reduced workforce and reduced operating costs.

In contrast, earnings and sales both "developed favourably" io Europe, where a modest but durable recovery bas taken hold. Worldwide turnover rose 10 per cent to Fl 41bn in the first nine months, with a "sizable increase" in the professional products and bome audio-video divisions.

However, operating losses in the home audio-video division continued about the same level in the January-September period as in the previous year, when Fl 416m was lost in all of 1984.

Philips, the largest electronics company in Europe, has invested beavily in an attempt, so far unsuccessful, to improve the efficiency of its audio-video activities.

Some Fl 725m has been reserved this year for company-wide restructuring in an effort to raise profitability, or net income as a percentage of sales. Profitability fell sharply to 1.28 per cent in the first nine months althougb Mr Zantman said the goal was to raise that ratio to between 3 and 4 per cent next year.

The Eindhoven-based company is tenaciously hanging on to its V2000 video cassette recorder, which bas been out of production for a year and sold entirely from inventories. Philips is increasingly manufacturing the competing VHS video cassette recorder, but will not decide whether permanently to drop the V2000 until sales prices cease to fall, Mr Zantman said.

Philips will announce its interim dividend on December 12.

Leading banks show no interest as JMB is put up for sale

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

FOR SALE: well known UK bullion bank. Quality of loan book certified by bighly respected owner. Offers in excess of £130m ($186m) invited for whole business, but will split if necessary.

Johnson Matthey Bankers, acquired by the Bank of England in the dramatic rescue over a year ago, is up for sale again.

The Bank announced yesterday that Baring Brothers, the merchant bank it has retained to advise on the disposal, will be contacting banks and other institutions that have indicated an interest in acquiring JMB.

However, a rush of buyers is not expected. All the UK's leading banks and several foreign ones ruled themselves out, and many smaller entities said they were not interested, mainly because JMB's main business, gold, is flat at the moment.

The many legal actions prompted by JMB's near-collapse and the investigation by the fraud squad – which is still going on – have also created some unease.

Would-be purchasers will be asked to sign confidentiality undertakings and will receive an information memorandum, which will include JMB's first accounts since the crisis, prepared by Price Waterhouse, the accountancy firm.

The Bank hopes to sell JMB as a single unit, which comprises the commercial banking business, bullion dealing and various commodities trading subsidiaries, although it is prepared to sell them separately if no single purchaser can be found.

In the 13 months since JMB nearly collapsed, the Bank has reorganised the bank's management, cleaned out its £220m of losses and recapitalised it with an injectioo of £100m. Various poorly performing parts of the group have also been shut down, including its Singapore subsidiary, which closed yesterday.

The Bank is under political pressure to maximise its recoveries from the sale of JMB because of the commitment of public money. In addition to the £100m it has invested in the bank, it wants to get back the £30m or so that has been contributed by itself and a group of UK banks to cover the deficiency in JMB's loan loss reserves.

Dr Oonagh MacDonald, Opposition Treasury spokeswoman, said the Labour Party would continue to press for a committee of inquiry into the JMB affair, regardless of the sale announcement.

Mr Brian Sedgemore, the Labour MP who has been sharply critical of the Bank, is expected to produce more evidence of its alleged mishandling of the affair during the debate on the Queen's Speech.

News analysis, Page 8

Japan Air Lines disaster could cut profits 65% and eliminate dividend

BY CARLA RAPOPORT IN TOKYO

JAPAN AIR LINES, the nation's flag carrier, expects pre-tax profits to plunge by more than 65 per cent this year as a result of the crasb on August 12 of one of its Boeing 747s, which left 520 dead.

Reporting its results for the six months to September, the company forecast yesterday that pre-tax profits in the full year to next Marcb would be about Y7.3bn ($35m) against Y22.5bn last year. Extraordinary costs associated with the crash's aftermath could mean an even sharper drop in net profits and even bring a net loss and an elimination of the annual dividend depending on their extent, the company indicated.

The number of domestic passengers in September, the month after the crash, was 27 per cent down on a year before, with numbers flying the Tokyo-Osaka route, on which the crash happened, falling by 43 per cent. In October, there was a 33 per cent fall in total passenger numbers on domestic flights. International business has been largely unaffected.

The crash's cause has not yet been determined, but Boeing and JAL have decided to handle jointly the responsibility for compensation of victims' families.

JAL, which abandoned its consumer advertising programme in the wake of the disaster, said it would resume it in the new year. It is starting to advertise again in travel and trade publications.

Pre-tax profits in the first half were 10.5 per cent better than a year before at Y21.3bo on revenues, 8 per cent up at Y417bn. International traffic increased by 10 per cent

JAL's net profit in the half year was Y9bn, up 35 per cent to the Y6.66bn a year before.

Law and order is centrepiece of Thatcher's legislative programme

Continued from Page 1

rethink in view of protests from affected bodies about the discussion document published last June. Mr Michael Meacher, Labour's social spokesman, said the Government was now in "utter disarray" since four drafts had now been thrown away.

Mrs Thatcher gave no comfort to the substantial minority of Conservative MPs who are worried about the bill to end controls on shop opening hours, especially on Sundays. Sbe believed it was "absolutely right" to give the public the choice over shopping

The Government bopes to publisb within the next month or so the bills oo the privatisation of British Gas, housing and planning, education, shop hours, animal experiments and the naval dockyards.

● The remaining differences within the Cabinet over next year's public expenditure plans were removed last night when Mr Kenneth Baker, the Environment Secretary, agreed a compromise with the Treasury over spending on bousing.

The way is now open for the Cabinet to endorse the public expenditure review today ahead of the autumn economic statement by Mr Nigel Lawson, the Chancellor of the Exchequer, probably next Tuesday.

There were suggestions at Westminster last night thet Mr Baker had secured about half the additional £600m ($862m) be was seeking for housing repair and improvement in 1986-87. This would be substantially more than the Treasury was initially offering though there may have been switches from other programmes to effect the comparison.

Mr John Biffen, the Leader of the Commons, said on television last night that, when published, the public spending figures would be near the existing target. The aim has been to keep spending for 1986-87 to £139bn. But an increase in expenditure on individual programmes of more than £3.5bn has come both from a reduction in the contingency reserve and from a sharp increase in sales of public sector assets expected oext yeer.

Mrs Thatcher stressed in the Commons that it was because the Government had kept firm control of public spending that it could talk about further reductions in the burden of income tax.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	18	66	Dubrovnik	-	—	—	Malaga	-	—	—	Salzburg	R	5	41
Akrotiri	F	23	73	Faro	S	23	73	Malta	F	24	75	Seoul	F	15	59
Algiers	C	24	75	Florence	F	21	70	Manila	S	33	91	Singapore	F	29	84
Amsterdam	R	10	50	Frankfurt	F	8	46	Miami	S	24	75	Stockholm	C	6	43
Athens	C	22	72	Funchal	C	24	75	Milan	S	18	64	Strasbourg	C	10	50
Bahrain	S	27	81	Geneva	R	17	63	Moscow	F	4	39	Sydney	C	26	79
Bangkok	S	32	90	Gibraltar	C	23	73	Munich	Sl	4	39	Taipei	S	26	79
Barcelona	-	—	—	Guernsey	S	11	52	Nairobi	-	—	—	Tangier	F	23	73
Beirut	S	22	72	Helsinki	R	5	41	Naples	F	19	66	Tehran	-	—	—
Belgrade	R	14	57	H. Kong	S	27	81	New Delhi	S	27	81	Tel Aviv	S	27	81
Berlin	C	8	46	Innsbruck	R	8	46	New York	F	15	59	Tenerife	-	—	—
Biarritz	R	14	57	Inverness	C	3	37	Nice	S	18	64	Tokyo	C	15	59
Blackpool	C	9	48	Istanbul	F	17	63	Oporto	C	19	66	Toronto	R	10	50
Bordeaux	F	14	57	Jersey	S	10	50	Oslo	C	6	43	Tunis	R	20	68
Brussels	C	8	46	Jo'burg	S	28	82	Paris	C	18	81	Valencia	-	—	—
Budapest	F	11	52	Las Palmas	S	25	77	Prague	Sl	3	37	Venice	C	11	52
B. Aires	S	28	82	Lima	S	21	70	Reykjavik	Sn	-2	28	Vienna	C	10	50
Cairo	S	27	81	Lisbon	R	21	70	Rio de J'o	C	24	75	Warsaw	C	8	46
Cape Town	C	16	61	Locarno	S	16	61	Rome	R	13	55	Zurich	R	5	41
Caracas	C	28	82	London	F	11	52								
Casablanca	S	25	77	Los Angeles	S	22	72								
Copenhagen	R	6	43	Luxembourg	F	6	43								
Corfu	R	20	68	Madrid	F	18	64								
Dublin	C	10	50	Majorca	F	—	—								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Summit hopes fade

Continued from Page 1

could have delayed US deployment indefinitely by refusing to agree to eliminate offensive nuclear weapons. Asked if be had meant to give Moscow such a veto yesterday, Mr Reagan replied "Hell, oo."

Claiming that there had been a "misunderstanding" or "erroneous interpretation," Mr Reagan said in an interview with Western newsagencies that be would deploy the Star Wars weapons unilaterally if be could not get other nuclear powers to agree to replace their offensive missiles with defensive systems.

Mr Reagan said that he did oot rule out "a deliberate ploy, a manoeuvre" by the Kremlin in three recent incidents in which Soviet citizens have sought refuge in the US and then declared their desire to return home – the latest of whom was Mr Vitaly Yurchenko, the supposed defector in Washington this week.

● **Quentin Peel in Brussels writes:** The Soviet Union has dropped its demand for a direct link between an arms control agreement covering intermediate-range ouclear weapons and deals on strategic ouclear weapons and space defence systems, according to Mr Paul Nitze, President Reagan's special adviser on arms control.

Craxi's views on Palestine provoke tensions

By James Buxton in Rome

MR BETTINO CRAXI, the Italian Prime Minister, yesterday caused uproar in Parliament and provoked serious new tensions in his reconstituted Government when he declared that the armed struggle of the Palestinian people was "legitimate."

Mr Craxi made the remark in an unscripted speech to the Chamber of Deputies at the end of the three-day debate whicb concluded yesterday with his revived Government comfortably winning a vote of confidence.

The Socialist Prime Minister declared that the "armed struggle" by the Palestine Liberation Organisation (PLO) would not resolve Palestinian problems and would only produce innocent victims.

But in a qualification be added: "I don't contest the legitimacy of it, which is something different."

At this point, Mr Giorgio La Malfa, a leading member of the centrist Republican Party which pulled out of the Government last month over its handling of the aftermath of the Achille Lauro affair, sbouted: "We contest its legitimacy." The Prime Minister was obliged to stop speaking as MPs from the neo-fascist Italian Social Movement roared their protest.

But members of Mr Craxi's Socialist Party, as well as those from the Communist opposition, applauded vigorously, while the Christian Democrats, Mr Craxi's coalition partners, sat in embarrassed silence.

Mr Craxi then went on to say that Giuseppe Mazzini, one of the heroes of the 19th century struggle for the reunification of Italy, had planned political assassinations while in exile. "To contest the legitimacy of the resort to arms by a movement seeking to liberate its own country from a foreign occupation is to go against the laws of history."

The Prime Minister's remarks flew in the face of a detailed and more balanced statement on the Palestinian issue contained in a document thrashed out by the five parties of the ruling coalition as a means of solving the crisis caused by Mr Craxi's resignation oo October 17.

But because the motion of confidence in the Government was technically based oo the agreed statement, the Republicans, though angry and affronted, voted for the Government in the confidence vote, which was thus won by 347 votes to 238, a majority of 109.

By his remarks, Mr Craxi has reopened many of the wounds which lacerated the Government when it fell.

Eureka projects endorsed

Continued from Page 1

In an effort to allay the fears of smaller countries and companies, suspicious that they could be bypassed, the declaration stipulates that the secretariat should "enhance the transparency and efficiency" of Eureka, by acting as a clearing bouse for information. It will also act as a "marriage broker" to help companies and research institutes find partners for Eureka projects.

In a wider sense, Hanover has not really answered the question of what distinguishes a project with a Eureka label from other cross-border efforts at industrial co-operation.

Tbe high technology co-operation projects which won endorsement in Hanover include:

● Creating a European standard for personal and educational microcomputers. Participants: Olivetti (Italy) Acorn (UK), Thomson (France) Total cost £26m ($37m) Duration: three years.

● Compact vector computers for high-speed calculations. Participants: Norsk Data (Norway), Matra (France). Estimated cost: FFr 300m ($37.7m). Duration: five years.

● Manufacture of amorphous silicon for solar-powered cells. Participants: Solem/CFP (France), MBB (West Germany). Estimated cost: FFr 300m. Duration: five years.

● Robotic lasers for fabric-cutting. Participants: Lectra Systemes (France), EFACEC, EID (Portugal). Estimated cost: FFr 100m. Duration: seven years.

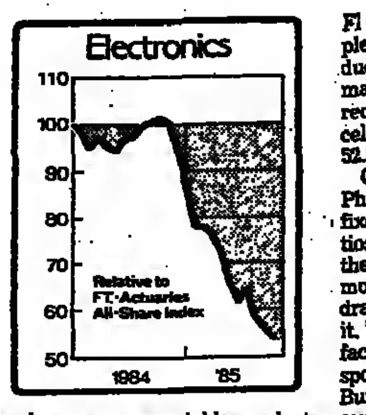
● Membrane microfilters. Participants: Compagnie Lyonnaise des Eaux (France), Danske Sukkerfabrikker (Denmark). Estimated cost: FFr 390m. Duration: five years.

● Flexible manufacturing based on seeing-robots system. Participants: CGE (France), Comau/Fiat (Italy), LASG (Switzerland). Estimated cost: FFr 500m. Duration: Unspecified.

THE LEX COLUMN

Plugging holes in defence

The defeat of Plessey in the competition for the US battlefield communications system bas for some time been a foregone conclusion, as the company itself all but admitted. The British argument that the ordering of Trident required some offset deal never held much water in the US, given that the UK is receiving all but a fraction of the programme's immense R&D cost on a plate; and in the present mood of Congress, price was bound to be a determining factor. What remains a source of wonder is bow two groups, offering to make much the same sort of thing, could evidently differ in their prices by $3bn. It is as if the Plessey and Thomson teams were competing to different specifications.



Plessey's response has been plucky if not exactly tactful. In claiming that the Ptarmigan system it was offering is now old hat, the company was merely stating the obvious: that since development began in 1973, several generations of component technologies have marched past and the Bedford truck has slipped back from the cutting edge as a vehicle for exchanges. However, the US insistence on an operating system precluded any radical development work to produce a cheaper version that would fit in a backpack.

In this respect, Plessey is as much a prisoner of UK defence procurement policies as the rest of the industry. Clients that have insisted on the highest performance standards for the particular conditions of the European theatre have done more to gold-plate contracts than simply price them on the basis of cost and return on capital. As in telecommunications, over-engineering has restricted export customers to a few former client states – or, as in the Saudi Tornado deal, to rich and insecure nations who need a variety of suppliers. In contrast France, as most recently in opting out of the joint European fighter project, has tended to opt for the cheap and cheerful with export potential.

With every sign that defence procurement in money terms (excluding the US component of Trident) is going to stand still, the UK defence industry could find domestic production schedules thinning out in response to defence equipment inflation. And it will depend more than ever on exports to amortise costs and provide the increased profitability that comes with longer production lines. Whether the move towards a fixed-price regime will produce more exportable products is not clear; it is hard to conceive of an overseas customer for Nimrod even now that the MoD has shown itself willing to accept less than the very best system. However, there are many in the industry who claim to prefer fixed-price contracts: that way they are freed from constant changes of specification and may enjoy the fruits of their own cheese-paring.

Meanwhile, the hope of compensation for the failure of Ptarmigan through the SDI programme does not look very convincing. The production of Trident will first re-establish the one-way street in traffic across the Atlantic; and there is a strong suspicion that the elements of SDI with commercial application will remain firmly on US soil, leaving Europe littered with giant white elephants.

Philips

Philips bas picked a curious moment to make a public offering of its shares on Wall Street. Profits will, by its own admission, fail to match 1984 levels in the current year and the group's most visible US operation – the Sygnetics integrated circuit producer – is flat on its back.

But US investors have stuck with Philips through thick and thin – they currently own just under 20 per cent of the group's equity – and the investor relations department in Eindhoven presumably detected an appetite for the additional 4 per cent which will soon be offered for sale. If so, it could hardly have asked for a better marketing boost than yesterday's third-quarter figures.

Philips has never been explicit about the scale of losses at Sygnetics, and yesterday the Dutch market was braced for the worst. Third-quarter earnings per share of Fl 0.40 would not have been a complete shock, so when Philips produced double thet number and then made encouraging noises about a recovery in the US, the share price celebrated with a Fl 3.50 jump to Fl 52.80.

Cheerful news is long overdue. Philips is still plugging away at its fixed costs and working capital ratios but currencies – and not least the yen – have been unhelpful for most of the year and it has still not dragged its VCR capacity into profit. The success of the compact-disc factory in Hanover is a rare bright spot in the consumer products field. But the share price is as usual discounting the competitive problems. Even after yesterday's rise, it was trading on only about nine times prospective – and heavily depreciated – 1986 earnings.

Tin

Adjournment until next week – or indefinitely – may seem the easy way out for the International Tin Council, badly battered by the attempt to agree on a programme for reopening the tin market. Yet it is painfully clear that time is not a commodity which the ITC can afford to stockpile. The local arrangement which has been set up to keep the Malaysian industry turning over is already setting a price which undermines the balance sheets of everyone exposed on the suspended London market, while tons of tin have inevitably started to emerge by the thousand from other and weaker sources of supply.

It is probably therefore too late for the ITC to do much about the price at which tin can return from suspension. But a quick decision to meet the ITC's obligations would at least help to ensure that there was a workable market on which to trade. Procrastination, unfortunately, threatens to turn a one-commodity crisis into a generalised disaster for the metal exchange.

The best way for the LME to hold together may well be to close the London tin market altogether; as the LME reminded the tin council yesterday, tin was the least important (but most troublesome) of the LME's contracts. The tin fiasco has already damaged the usefulness of an LME price as the base for setting 1986 cootract prices of other metals, including nickel, lead and zinc. Even if the tin producers honour their obligations, the LME's role in international price-setting may already have been irretrievably weakened.

JOBS COLUMN

Engineers poor third to finance & personnel

BY MICHAEL DIXON

WHEN upwards of 7,000 of Britain's qualified engineers were questioned by the Engineering Council recently, most of them replied that they would happily recommend a career in engineering to young people.

From that I can only divine that they must get great intrinsic satisfaction from their jobs. For, as the accompanying table shows, when it comes to pay and perks they seem to be thoroughly undervalued by comparison with their counterparts in financial and personnel work.

The table, which outlines the earnings and other benefits of eight ranks of staff in each of the three kinds of work, is drawn from the Remuneration Economics consultancy's latest surveys. They covered a wide range of companies in Britain, most of them in industry. Anyone wanting more information about the studies should contact Peter Stevens at 51 Portland Road, Kingston upon Thames, Surrey KT1 2SH; telephone 01-549 8726.

The left-hand pair of columns of figures deals first with the basic salary and then the total pay received in cash, including bonuses etc, of the lower quartile staff. They would be placed a quarter way up from the bottom of a ranking of all people of the same rank in the same function.

The next pair of columns does likewise for the median staff who would be dead centre in the ranking. The third pair does the same for the upper quartile people a quarter way down from the top. And the fourth pair gives the average basic salaries and total money rewards in each case.

The last four columns give the percentages of each category enjoying, respectively, a bonus payment, a company car, free petrol even for their private use, and at least five weeks holiday a year.

			Lower quartile Basic salary £	Lower quartile Total money rewards £	Median Basic salary £	Median Total money rewards £	Upper quartile Basic salary £	Upper quartile Total money rewards £	Average Basic salary £	Average Total money rewards £	% who were paid bonus	% with company car	% with free petrol	% with 5 weeks or more holiday
Director	Finance		28,850	31,061	35,460	38,050	46,140	49,952	38,450	40,977	44	99	66	84
	Personnel		25,500	25,500	32,000	34,319	35,363	38,160	31,437	33,456	50	98	64	73
	Engineering		21,530	23,325	26,825	29,680	32,964	36,840	29,037	32,439	46	94	58	26
Senior function head		F	20,500	21,713	26,200	27,340	32,000	32,872	27,319	28,325	46	90	39	79
		P	19,260	19,290	23,000	23,702	30,000	32,000	25,367	26,762	46	86	47	85
		E	17,619	18,375	21,000	21,765	25,344	27,000	22,066	23,268	53	79	37	33
Function head		F	19,201	19,952	22,498	23,500	26,000	28,000	23,316	24,520	43	88	47	84
		P	17,569	18,275	21,582	22,867	26,180	28,596	22,774	24,098	51	85	29	83
		E	17,700	18,000	20,074	21,000	23,600	24,158	20,825	21,463	39	82	44	26
Department manager		F	16,250	16,500	19,000	19,200	21,635	22,533	19,481	19,979	37	70	26	77
		P	17,000	17,107	19,738	20,475	22,375	23,244	19,928	20,587	38	65	19	79
		E	15,255	15,670	17,935	18,391	20,750	21,211	18,462	18,910	31	57	23	23
Section manager		F	15,027	15,400	17,328	17,818	19,950	20,700	17,772	18,231	30	52	18	67
		P	14,340	14,391	16,764	17,750	19,200	20,150	17,004	17,598	31	50	15	71
		E	14,400	14,685	15,969	16,100	18,000	18,571	16,526	17,007	31	28	6	23
Section leader		F	12,960	13,250	14,287	14,770	16,250	16,725	14,628	15,076	36	27	6	55
		P	12,266	12,872	14,001	14,843	16,278	16,944	14,739	15,220	36	35	8	69
		E	12,500	12,700	14,175	14,350	16,250	16,764	14,558	15,047	30	19	1	16
Senior accountant			11,200	11,573	12,720	13,080	14,300	14,820	13,061	13,448	30	14	3	52
Senior personnel officer			10,920	11,050	12,550	12,970	13,750	14,517	12,754	13,252	39	23	7	68
Senior engineer			10,215	10,962	11,500	12,414	13,100	13,635	11,953	12,667	37	10	1	17
Accountant			9,300	9,475	10,430	10,600	11,520	11,850	10,518	10,740	24	2	—	37
Personnel officer			9,651	10,000	10,525	11,052	12,300	13,061	11,130	11,685	49	10	1	53
Engineer			8,894	9,200	9,648	10,402	10,815	11,655	10,063	10,731	31	10	1	16

There is a technical difference which may to some extent account for the lowly positions of the engineers. The figures for their pay and so on date back to July 1. On the other hand the figures for the financial and personnel people are as at September 1.

But the two-month time difference surely cannot explain why, with very few exceptions, the engineers come third out of three — and often a pretty poor third at that.

I find it hard to believe that in industry at least the work of designing, developing, making and maintaining things is less valuable than dealing with figures and personnel matters, important though the latter functions are. So what is the reason?

Can it be top-management snobbery about people who get their hands dirty? If not, are engineers in such copious supply that they are having to take less than the counterpart staff even for working longer (look at the differences in the proportions allowed five weeks or more annual holiday)?

Or is it that engineers educated and trained in Britain, unlike those in other countries such as West Germany, are seen by companies as not contributing as much to profitability as do their equivalents in finance and personnel?

Women

WOMEN engineers, particularly, are in demand in the Netherlands according to headhunter Robert van Oven of Amsterdam. He would like to hear from half a dozen or so, preferably with an electronics or electrotechnics background, who are interested in leading project or product groups in marketing or buying.

The employer is a big Dutch company with a policy of promoting more women into management. As he may not name it he promises to abide by requests not to be identified to his client for the time being.

Candidates should already be successful in junior managerial positions, and speak English and another European language besides being at least willing to learn Dutch.

Pay equivalent of £17,000 upwards. Other benefits are for negotiation.

Inquiries to Mr van Oven at 1082 AD Amsterdam, Groot Blankenberg 56, the Netherlands. Tel (0)20 42 10 46.

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Isle of Man £20,000

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Although we seek self-raliance in order to benefit from the large measure of autonomy available, we also seek a team member who will enjoy general and specialist support throughout. Contribution to overall policy discussion will be encouraged and there will be excellent opportunity to grow with and within the organisation. The usual other benefits associated with a major international bank will apply, and assistance will be given with any necessary relocation expenses.

Letters of application, together with CV, salary progression and any other relevant data should be sent without delay to the Managing Director, Performance Management Limited, 8th Floor, Peter House, St. Peter's Square, Manchester, M1 5BH, quoting ref: P108.

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Please reply to Keith Rake in strict confidence, with details of age, career and salary progression, education and qualifications, quoting reference 1538/FT on both envelope and letter.

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Probably aged 28-35, applicants must have direct relevant experience of the trading markets and vendor products. A technical background in this field would be most desirable.

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Candidates, male or female, should have at least five years treasury experience in a corporate treasury or banking environment and have the potential to take over from the director of treasury operations within three years.

For more information please contact George Ormrod B.A. (Oxon) or Stephen Hackett B.A. (Oxon) on 01-836 9501 or write with your C.V. to Douglas Llambias Associates Limited at our London address, quoting reference No 5760.

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Director of Finance & Planning

for their Agricultural Group Headquarters based at Leamington Spa, Warwickshire.

The post, which arises as a result of internal promotion into general management, is responsible for the financial management of the Agricultural Group's activities, together with the provision of all relevant economic, social, industrial and financial data which may have an impact on the Group's activities, and is responsible for the operation and monitoring of the Corporate Plan.

Applications are invited from qualified accountants, male or female, with a minimum of 7 years' industrial experience, including finance, corporate planning and computing. In addition to being a qualified accountant, the successful applicant will be able to demonstrate a commercial flair and an ability to move into line management within 5 years.

The rewards for this post, which are in keeping with a successful progressive organisation, include competitive salary, company car, excellent fringe benefit programme and assistance with relocation costs.

Please write, in the first instance, giving details of age, qualifications, experience and current salary to:

Roy Evans, Director of Personnel, J. BIBBY & SONS PLC, Agricultural Group, St. Albans House, Portland Street, Leamington Spa, Warwickshire CV32 5EZ.

Regional Finance Controller

USA & South America

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A Regional Finance Controller is to be appointed who will evaluate the financial performance of existing companies and future business opportunities, and participate in negotiations at a senior level. Candidates will be self-motivated graduates with an accountancy or relevant business qualification who are capable of dealing with a rapidly changing business environment. They should have at least ten years financial management experience, preferably with an international flavour and be aged between 35 and 45 years. It is envisaged that the appointee will progress from this post to a senior financial appointment overseas.

Successful candidates will be expected to travel to the Americas at short notice, both for visits and for short term attachments, and Spanish fluency will be a distinct advantage. The position is based at the Company's newly built headquarters in Aldermaston. Salary and benefits will be commensurate with experience.

Please write with a full cv and salary details to Peter Pearson, Management Appointments and Development Manager, Blue Circle Industries PLC, Portland House, Aldermaston, Berkshire RG7 4HP. Tel No: 07356 78132.

Blue Circle Industries PLC

HEAD OF ADMINISTRATION

INVESTMENT DEPARTMENT

LONDON EC2

The Equitable Life Assurance Society is a long established but progressive company with extensive investment portfolios. Due to the continuing expansion of the investment activities of the Society, we now seek to appoint a Head of Administration in our Investment Department.

The person appointed will be responsible for the organisation and coordination of all aspects of administration within the department, including the processing of the purchase and sale of securities, the preparation and maintenance of records and registrations, and tha provision of technical support and advice where appropriate.

Candidates should be aged at least 35 and should have gained substantial experience of Stock Exchange administrative procedures in a City Institution. Proven management skills are essential and axperience of computer systema would be an advantage. A knowledge of relevant taxation and accounting together with a profassional qualification (such as ACIS) is desirable.

We offer an attractive remuneration package which includes free lunches, non-contributory pension scheme membership and a staff house purchase loan facility.

For further details and an application form please contact:—
Patrick Stappard, Staff Officer,
The Equitable Life Assurance Society,
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Telephone: Aylesbury (0296) 33100.

The Equitable Life

Business Analysts

RTZ's world-wide interests are in natural resources related industries, in the three broad categories of metals, industrial operations and energy. The group's expansion depends to a considerable extent on its ability to seize new business opportunities. An essential element in this process is the work of the H.Q. Company's Business Evaluation Department, which is responsible for evaluating capital acquisition and divestment proposals, and reviewing the strategic plans of Group companies.

The Department wishes to recruit additional staff, at various levels of seniority, to respond to its expanding work load. Successful applicants will have a graduate and/or professional background, probably complemented by an M.B.A qualification. They will fall into the mid-20s to mid-30s age range and have had a number of years' business experience, some of which should preferably have been in a planning or analytical function in industry, or in the mergers and acquisitions department of a bank.

A competitive salary and other usual benefits will be offered.

RTZ

If you have the kind of experience we require, please send a CV stating current and expected salary to: C. C. Machin, Manager, Personnel Services, RTZ Services Limited, 6 St. James's Square, London SW1Y 4LD.

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Ideally you will be in your early/mid 30s and should have had broad operations experience in a major bank. In particular, you should be familiar with the problems encountered in a Treasury and Currency Trading environment, and up-to-date knowledge of computer systems and applications would be a distinct advantage.

The prospects of taking on broader responsibilities within the Bank in the medium term are excellent, and the package offered is intended to attract candidates of above-average calibre and potential.

Please send a detailed c.v., including contact telephone numbers, in strict confidence to Peter Wilson FCA at Management Appointments Limited (Search and Selection Consultants),
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Candidates, preferably with a degree or business qualification, will have had substantial exposure to the planning and analytical techniques used in corporate development and business planning. The preferred age range, 35 – 50, indicates the need either for a career 'planning specialist' or for a mature business person with all round experience. Experience of acquisitions and corporate finance work in a merchant bank or management consultancy could be appropriate. In all cases, the individual should combine tact and diplomacy with the ability to inspire confidence. Experience should have mainly been of industrial rather than consumer sectors, though not necessarily in the particular areas in which the company is currently involved.

Compensation will be attractive, and at a level to interest the most qualified candidates. Incentive schemes apply, together with normal benefits associated with a large company. The position will be based in Hampshire.

We have retained a leading executive search consultancy to help us with the evaluation of candidates for this position. Please write, in the first instance to J. A. Hamilton, Group Personnel Director, Portals Holdings PLC, Laverstoke Mill, Whitchurch, Hampshire, RG28 7NR.

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Jonathan Wren

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An International Merchant Bank seeks an experienced Corporate Finance Executive to join its successful team. Candidates will be professionally qualified and have gained Corporate Finance experience in its widest sense, either in the United Kingdom or Internationally. Whilst executives are expected to manage their own Client Portfolio and therefore be happy to operate as individuals, the ability to work in a team atmosphere for mutual benefit is important. This is an ideal opportunity to develop a career in an innovative environment.

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(Foreign Exchange and Deposits)

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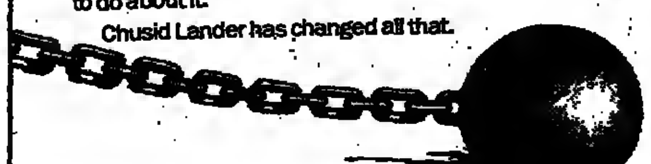

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The Economic and Social Research Council, on behalf of the Macroeconomic Modelling and Forecasting Consortium, Intends *to invite applications for research in, or directly related to,* macroeconomic modelling of the UK economy, from academic or independent institute researchers, at the end of November. The deadline for formal submissions will be the end of February 1986.

Further Information can be obtained from Christine Hadjimatheou on 01-353 5252 ext. 243.

An application form may be obtained from ESRC, 1 TEMPLE AVENUE, LONDON, EC4Y 0BD.

ESRC ECONOMIC AND SOCIAL RESEARCH COUNCIL

Phillips & Drew

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As part of the further expansion of our coverage of the international natural resources market, we are seeking to recruit a senior mining salesman/trader. The appointed candidate will work with, and be supported by, our strong and highly regarded mining research team.

The person we seek should have strong connections with the international investment community and be able to demonstrate the ability to generate their own business in mining shares. He/she will be expected to contribute to making markets in mining shares.

This position offers exceptional career prospects and remuneration should not be a problem for the appointed candidate.

Interested candidates should apply in confidence to Richard Saville at Phillips & Drew, enclosing a copy of their curriculum vitae.

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Major International Group

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Please state if there are any companies to which your application should not be sent.

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Please reply in confidence, giving concise career, personal and salary details, quoting Ref. ER820, to H. F. Male, Executive Selection.

Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

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You should have at least two years' post qualification experience within a marketing-oriented company or in management consultancy. Flexible intelligence, the abilities to absorb information fast and to communicate, and a markedly commercial perspective are essential qualities.

Please apply, quoting Ref. 204/1/FT, to:
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Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/334/FC.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

Investment Accountant/Administrator

Major Financial Services Group Portsmouth

Schroder Financial Management provides an integrated and comprehensive range of financial services to individuals, partnerships and private companies. We currently employ over 600 staff based in over 20 locations within the U.K.

The continued growth of the Group has created a need for an Investment Accountant/Administrator to run one of two sections within our Investment Administration Department, based at our Head Office in Portsmouth. Key tasks will include administration of, and accounting for, unit-linked funds; development of computerised investment accounting and administrative systems; and the preparation of management reports and annual accounts.

The ideal candidate will be either an experienced Investment Administrator or a qualified Accountant with at least two years relevant experience in an insurance/financial services environment.

In addition to a competitive salary, we offer a substantial package of benefits which includes a mortgage subsidy, non-contributory pension scheme, and full relocation assistance.

For further details and/or an application form, please write to or telephone:

Mr G M Keeley, Group Personnel Manager, Schroder Financial Management Limited, Enterprise House, Isambard Brunel Road, Portsmouth, Hampshire, PO1 2AW. Tel: Portsmouth (0705) 827733 Ext. 335.

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FINANCE OPPORTUNITY

The success of Jaguar Cars continues to make headlines around the world. This success, the result of unprecendented demand for our products continues to provide a challenging manufacturing environment.

Within this environment we are seeking an

Auditor

(up to £12,500 per annum)

to join our Finance Department, you will be required to carry out e programme of internal audits covering a wide variety of the company's administrative, commercial and manufacturing activities. The scope of the work ranges from appraising internal controls and procedures to reviewing operational effectiveness of company activities. Ad hoc investigations can elso be expected.

You must be a Chartered Accountant and preferably e graduate with approximately one years post qualification experience either in industry or with large manufacturing clients in e professional office. Ability to work on own initiative and liaise confidently with all levels of personnal within the company is essential.

In addition to tha attractive salary, the package includes a lease car, bonus payment, pension scheme, discounted car purchase, free shares scheme and 25 days holiday. The company is pleasantly situated within easy commuting distance of some of the finest countryside in the Midlands end relocation expenses will be covered where appropriate.

Please write in confidence giving full career details and current salary to:

**Miss L. I. Morgan,
Co-ordinator, Organisation and Personnel Planning,
Jaguar Cars Limited,
Browns Lane,
Allesley,
Coventry. CV5 9DR**

JAGUAR

We are an equal opportunity employer.

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accountancy personnel
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FINANCIAL ACCOUNTANT

LEICESTER c£16,000 + Mortgage

Our client, Alliance and Leicester Building Society, one of Britain's biggest and brightest societies, wishes to recruit a high calibre qualified accountant. The Society is well placed to expand its activities in a highly competitive market and offers opportunities to professionals to develop their skills and experience within a dynamic management team.

The vacancy, arising through an internal promotion will be based at the Society's main financial location situated on the outskirts of Leicester.

The successful applicant will supervise a small department, and responsibilities will include statutory accounts, all aspects of the Society's taxation and an active role in assessing the financial implications of the many new opportunities to be created by the proposed changes in Building Society legislation doe next year.

Candidates, aged 26-35, should possess appropriate post-qualifying experience gained in the Profession or in Industry. In addition to the attractive salary, benefits include a staff mortgage, private health insurance, contributory pension scheme and relocation assistance where necessary.

For further details please telephone or write to Paul Mitchell quoting reference 3579.

ALLIANCE LEICESTER

0533 542693
Sovereign House, Princess Rd. West, Leicester, LE1 6TR

32 offices throughout the UK plus Australia and USA

Hoggett Bowers

Executive Search and Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

ATHENA INTERNATIONAL LIMITED

U.K. Financial Controller

Hertfordshire, c £17,500, Car

Athena International Limited, part of the Pentos Group, is one of the world's leading publishers of posters, prints and greeting cards. Sustained and profitable growth has created a vacancy for a U.K. Financial Controller at the company's Head Quarters in Bishops Stortford. Reporting to the Athena Group Financial Director, the successful applicant will be responsible for all finance and accounting matters in the U.K. including the treasury function and the preparation and interpretation of management information. Candidates, aged 28-32, must be qualified accountants with both the technical competance and resilient personality to succeed in this exciting and expanding environment. Medium term career prospects are excellent and a relocation package is available if required.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to *R.R. Varley*, Hoggett Bowers plc, Albany House, Hurst Street, BIRMINGHAM, B5 4BD, 021-622 2961, quoting *Ref: 35411/FT.*

Required by Medium Size HAMPSHIRE/SUSSEX

Chartered Accountants

in their CHICHESTER and PORTSMOUTH Offices

Applicants must be experienced in the preparation and audit of financial statements for medium-sized businesses and have the desire and ability to work on their own initiative. Excellent prospects for the right applicants together with above-average salary negotiable according to experience.

Write or phone:—

Neville Lacey, F.C.A.
Jones Avens Worley and Piper
St. Johns Street, Chichester
West Sussex
Chichester 789031

D. Wagstaff, F.C.A.
Jones Avens Worley and Co.
53 Kent Road, Southsea
Hampshire
Portsmouth 820726

Offices in Chichester, Portsmouth, Fareham and Bishops Waltham

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Central Audit Manager

c£18K+ Car

As a major British Company in the leisure industry, our client has a diverse audit function. As a result, they are setting-up a new Central Audit department to improve existing systems and financial controls and undertake specific projects on behalf of the Board.

A recently qualified Accountant is required to manage the department as well as carry out audit work in conjunction with the existing operational audit teams.

The ideal candidate may already be in industry with some audit experience or may currently be in the profession and be seeking an opportunity to enter industry at the "sharp end." Essential qualities are drive, self-motivation and the will to succeed. This position is seen as the initial step into the company and is likely to lead to more senior financial posts.

An attractive, negotiable salary is offered together with a range of benefits normally associated with a major Group.

Please write enclosing current Curriculum Vitae and salary progression to date to: Carol Speed, Kynaston International, 17-19 Maddox Street, London W1R 0EY.

KYNASTON INTERNATIONAL

Accountancy Appointments

FINANCIAL APPRAISAL MANAGERS

Northern England
Early £20,000's + Car

These two roles carry responsibility for small teams of analysts and between them control the detailed evaluation of a very wide range of large scale issues which are of strategic importance to a very large and rapidly *expanding* Group.

These issues will range over large scale capital investment programmes for organic expansion, re-equipment schemes and the introduction of new technology; evaluation and introduction of major new product programmes, product pricing strategies and the extension of product group reporting; the evaluation of a wide range of marketing initiatives and several major business initiatives of widespread importance at present latent in the business; and the evaluation and implementation of number of diversification proposals with organic/acquisition implications.

Applicants should be alert graduate qualified accountants, aged early 30's, with financial analytical or investigatory/appraisal experience gained in a major organisation or large professional office. The corporate style is stimulating and unbureaucratic but presentational skills remain important.

Please write to JPW Recruitment *Advertising Ltd, Ludgate House,* 107-111 Fleet Street, London EC4 2AB quoting reference FT202.

All applications will be treated in confidence.

JPW
Recruitment Advertising

BRILLIANT YOUNG FINANCIAL MANAGER

needed for unique company. Great opportunity. CV—SSP PO BOX 180, London N2

ACCOUNTANCY APPOINTMENTS

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Young Accountant

Investment Banking

to £18,000 + low cost mortgage

Our client is the London based investment banking subsidiary of a major and highly reputable international bank. A leading name in the primary and secondary bond markets, the bank is undergoing rapid expansion.

As a member of a small financial management team, the selected candidate will participate in the preparation and interpretation of management information relating to all areas of this highly sophisticated business. In a project oriented role with an emphasis upon the review of both market and product profitability, budgetary control and planning, he or she will additionally assist in the development of computer based systems.

The individual's exposure within the organisation and the continuing growth of the bank will provide excellent opportunities for career development in either the finance function or other areas of the bank.

In their mid 20s, applicants should be recently qualified accountants ideally with a knowledge of the international banking environment.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/332/FK.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

International Review Consultant

intel

Swindon 26–35 to £21,000 + Car

Our client is Intel International, a \$1.5 billion turnover US based molti-national group which profitably operates as market leader throughout the world.

Operating at the frontiers of technology, Intel has recently launched its 32 bit microprocessor to enhance its already sophisticated product range selling to industry respected OEM's.

They seek a graduate accountant with either professional office/internal audit management experience, to perform critical reviews of European and UK operations/systems together with ad-hoc investigatory assignments. Ultimately, the successful candidate would assume departmental responsibility when the present incumbent returns to the USA.

You will operate at senior management level and be expected to offer review skills over a business-wide basis that utilises a global reporting system on a strict time scale. You must be articulate and self motivated with excellent technical/interpersonal skills. Your reward will be a senior position in a major group – with prospects for the right appointee of even better subsequent positions in Europe and/or the USA.

For further information, please contact Adrian Wheale ACMA, ACIS, on 0272 276509 or write to him, enclosing a comprehensive c.v., at Michael Page Partnership, St. Augustine's Court, 1 St. Augustine's Place, Bristol BSI 4XP, quoting ref. 8046.

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International Recruitment Consultants
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ACA's with analytical ability for an investigative role – U.S. Multinational.

Central London

Newly/Recently Qualified £18,500-20,000+Car

We have been retained by a prestigious US Multinational to recruit high calibre ACA's for a non-routine role which will have a direct and substantial influence over the group's European operations including capital projects and acquisitions. Some time will be spent out of the country; likely areas being the commercial centres of Europe and the U.S.A. A knowledge of a second language is therefore desirable.

In our preliminary interviews we will be looking for applicants who can demonstrate highly developed interpersonal skills as the role will expose them to senior management and the decision-making process at an international level.

Interested applicants should contact David Ryves on 01-734 0493 or write, giving brief details to the address below quoting reference 1363.

Robert Walters Associates
Recruitment Consultants
54-62 Regent Street, London W1R 5PJ. Telephone: 01-734 0493

Financial Director

Publishing

c£25,000 + car

A subsidiary of an international and diverse group, our client publishes a range of magazines in the UK and overseas. Following a period of rationalisation, the company is increasing profitability and will grow through acquisition.

Based in London, the Financial Director will be responsible for the financial affairs of the company'a major division which publishes for various markets and has a £20 million turnover. Supervising a substantial staff, he or she will initiate systems *development and control and will be* expected to have a considerable impact upon the commerciality of the business.

In their early 30s, applicants should be qualified accountants with both computer systems and line management experience and commercial flair.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/333/FL

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

FINANCIAL CONTROLLER

LONDON c£20,000 + Car

The Peabody Trust, a leading charitable housing association which has some 12,000 properties, seeks a financial executive of proven ability to play a kay rola in its management team.

Raporting to the Director, the Financial Controller will manage a total of 17 staff, embracing both the finance and data processing functions. Responsibilities will emphasise exercising tight financial control, maintaining/developing the use of computerised systams, and providing financial advice to executive managers and to the governors.

Applicants should combine a professional qualification with sound accounting and data processing experience. A background in a housing association or in a relevant area of local government would be an advantage. Age is open and the Trust will assist with relocation expenses where appropriate.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2330/FT to G.J. Perkins, Executive Selection Division.

Touche Ross
The Business Partners
Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

Group Financial Controller

£18-20,000 + car
South East London

Our client is an old established family business successfully increasing its manufacture and distribution of a wide range of quality office supplies.

Their vacancy is for a fully qualified Financial Controller to manage the compulerised accounts, to advise on *financial strategies and to be* Company *Secretary.*

The starting salary is between £18 and £20,000 p.a. dapending on experience and there is a company car, contributory pension scheme, family BUPA and lifa insurance.

Applicants in their thirties are asked to write with a full cv and day time telephone number quoting ref. 1435 to:

BinderHamlyn MANAGEMENT CONSULTANTS
Binder Hamlyn Management Consultants
8 St Bride Street, London EC4A 4DA

Financial Director

Midlands from £25,000 + car

Our client is a profitable group operating within the financial services sector. Continued expansion and the probability of a flotation in the medium term have highlighted their need for a financial director to assist with this critical phase of development.

Reporting to the managing director the successful candidate will be a qualified accountant, preferably a graduate, and ideally aged 30 to 40. As a member of the management team and responsible for all financial aspects of the group, candidates must be able to demonstrate broad financial expertise. Particular responsibilities include financial and business planning and managing the group management information systems and *cost control* operations.

Previous experience in the banking or finance sectors would be advantageous and knowledge of the City is highly desirable.

The remuneration package is substantial and the fringe benefits first class. Applicants should write in the first instance to M P Gostick quoting ref F/975/G at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

Financial Director

Retailing, Sheffield c £30,000 + car

A large privately controlled retail business, with an already substantial store base spread throughout the UK and further expansion planned, is seeking to appoint an experienced Financial Director.

The position will entail full responsibility for all aspects of accounting and financial management throughout the group with an emphasis on computer-based systems development.

The person appointed will currently hold a position of comparable responsibility in a significant and well-run multiple retail business. Some practical experience of company acquisitions and public floatation would also be highly beneficial.

The level of the remuneration package, which will include an executive car, is unlikely to be a limiting factor in attracting suitably qualified candidates. The probable age range is 30 – 45.

Please write in confidence with brief career details quoting reference L/601 to Mr T. A. Elster, Executive Selection Division, Peat Marwick Mitchell & Co., City Square House, 7 Wellington Street, Leeds LS1 4DW.

PEAT MARWICK

FINANCE DIRECTOR

c.£20,000 + substantial benefits package

Searle Manufacturing Company—part of the Suter Light Engineering Group—are market leaders in the manufacture and marketing of a wide range of air-side refrigeration equioment. This well established autonomous Company employs more than 360 people.

This vacancy occurs as the result of internal promotions, following the expansion of the Suter Light Engineering Group.

As Finance Director you will join a close and forward looking executive team responsible for the finance function and computer systems department.

This position will appeal to a qualified accountant who wishes to be involved in a demanding environment, committed to remaining No. 1 in the refrigeration industry, with extensive use of advanced computer systems involving CAO and integrated manufacturing systems.

Candidates, aged 35+, with an appropriate qualification will have a broad background in a manufacturing company, including the preparation of budgets, forecasts, management accounts and system development.

Together with a negotiable salary, the remuneration package will consist of a profit related performance bonus, prestige car, BUPA and full relocation expenses.

Please send comprehensive CV to:
P. J. Donovan, Personnel Director
SEARLE MANUFACTURING COMPANY
Newgate Lane, Fareham, Hants P014 1AR
Telephone: (0329) 236151 Ext 248

searle

Accountancy Appointments

Assistant Accountant (Part Qualified)

required now at Thorpe Park, a major leisure development owned by RMC Group plc. Based at Chertsey, Surrey and responsible for the preparatioo of financial accounts, together with tha control of accounting staff and cashiers. The successful candidate will be aged 24-28 and currently studying for professional accouoting qualifications having achieved at least Part I by exam. Experieoce in the preparation of financial accounts and the supervision of staff is essential. Excellent opportunities exist for career development within the group.

Personnel Dept,
Leisure Sport Limited,
Thorpe Park,
Staines Road,
Chertsey, Surrey

Budgetary Control Wizard

Consumer Electronics

Northern Home Counties c £20,000 plus car

Our client, turnover £400 million, is a leading brand name in the manufacture and marketing of consumer electronics. It is now sharpening up its ability to deal with current conditions by recruiting key people into its Head Office. One of the more vital ones is the new appointment of a Budget Accountant to radically overhaul the systems while winning the cooperation of rogue line managers in production and marketing.

Candidates will be aged around 28, of graduate calibre, qualified and demonstrably experienced at being at home in the non-financial jungle. Qualities must include a strong and determined personality well packaged in the necessary charm. The prospects and fringe benefits are particularly excellent.

Apply in confidence with full written details, quoting reference 2120 to Mrs Indira Brown, Corporate Resourcing Group Limited, 6 Westminster Palace Gardens, Artillery Row, London SW1P 1RL. Telephone 01-222 5555.

Corporate Resourcing Group

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Finance Director

c £21,000 + Bonus + Car

An established and profitable trading company based in S E London now requires a Finance Director to make a major contribution in implementing operational improvements which will lead to significantly increased profits.

The position will involve active direction of the business as a member of a small management team, the production of fast and accurate control information and the formulation of business plans.

The company is a member of a quoted group which is managed with a high degree of professionalism.

Applicants must be qualified accountants with at least four years post qualified industrial/commercial experience who can demonstrate a high degree of commercial awareness and self confidence.

Please reply in confidence, quoting ref. L 207, to:

Chris Haworth
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

HARRISON AND SONS LIMITED

TREASURER/COMPANY SECRETARY DESIGNATE

Thames Valley **c £17,500 + Car + Benefits**

One of Britain's leading high quality security printers, with large export sales, we require a professionally qualified person, aged 30-45, with suitable treasury experience for immediate appointment, and, designated to additionally take up the company secretary appointment upon the retirement of the present secretary (1st January 1987).

We are a member of a large and successful international trading group (Lonrho plc) and the appointment provides a challenging and interesting opportunity to join an old-established company with substantial growth prospects.

To apply please write with full C.V. to:

J. ARMITAGE, PERSONNEL MANAGER, HARRISON AND SONS LIMITED, COATES LANE, HIGH WYCOMBE, BUCKS. HP13 5EZ

Exciting developments in UK Subsidiary of a major US Group

Surrey

ACA/ACMA **to £18,000**

The appointment of a young General Manager within this diverse UK Company has resulted in the need for two ambitious individuals to work on a number of projects in the group. You will be assigned to the group finance function and will receive training in aspects of systems design and installation, much of your time being spent liaising with subsidiary companies often at senior level.

Interested applicants, who must be graduates with a professional accounting qualification, should contact Eileen Davis on 01-734 0493 or write enclosing brief details quoting reference 1360 to the address below.

Robert Walters Associates
Recruitment Consultants
54-62 Regent Street, London W1R 5PJ. Telephone: 01-734 0493

POTENTIAL?

A well established subsidiary of a major UK group seeks an Accounting Services Manager to provide a complete management accounting service to the board. Reporting directly to the F.D. and managing four staff, responsibilities will embrace accounts preparation, development of accounting and management information systems plus various reports for the board. This management development position requires a young, career progressive individual with commercial acumen and excellent communication skills. Ref: JG.

W. OF LONDON **c.£18,000+Car**

EUROPEAN ROLE

This rapidly expanding international distribution company, emerging from a major developmental phase, requires a young qualified accountant for an Accounting Manager's role. Responsibilities will embrace management reporting, multicurrency reporting and inter-company accounting as well as implementing a new computer system and controlling 3 staff. An excellent opportunity to make a mark in a small, fast growing division of a major multinational. Language ability an advantage. Ref: GR.

BRUSSELS **c.£20,000**

HIGH-FLIER

Our client, a major manufacturer in the service industry, seeks a young Group Finance Manager to assume responsibility for its existing subsidiary companies. This broad ranging role will embrace ad hoc projects, cash flow monitoring and assist the Group Financial Controller in investigations and acquisitions. Key responsibilities will be for group policies and accounting requirements. Candidates aged 25-30, will be ACA's either in the profession or in their first industrial appointment. Ref: SW.

N.W. LONDON **£17,000+Car**

ROMAN HOUSE, WOOD STREET, LONDON EC2Y 5BA. 01-638 5191.

ROBERT HALF
FINANCIAL RECRUITMENT SPECIALISTS
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NEWLY QUALIFIED ACA's for CAREERS IN BANKING

£17-20,000 + mortgage etc

ACCOUNTING WITHIN A MERCHANT BANK — these positions exist within one of the most 'blue-chip' merchant banks. They cover sensitive new product areas with complex financial accounting and reporting requirements. These areas have consistently provided an introduction to career moves outside accountancy.

INTERNATIONAL AUDIT & REVIEW — our client is a major North American banking institution. Its Audit Department operates to a high level brief, providing a broad range of support, investigative and project work to line departments. The position will involve about 25-30% travel and there will be the opportunity to move on from the area within 18 months.

In both cases candidates should contact Felicity Hother or Sarah Beaumont on 01-588-6644, or send a detailed C.V. to the address below. All applications are treated in strictest confidence, and we are happy to have initial discussions on an informal basis.

Anderson, Squires Ltd.,
127 Cheapside,
London EC2V 6BU

Anderson, Squires

Financial Controller

Birmingham **c£17,500 + executive car**

Our client is the rapidly expanding U.K. sales and marketing subsidiary of Norway's oldest pharmaceutical company. Now part of a substantial international group the Company's products are market leaders in their field.

The U.K. Company is poised for significant expansion in the future and now requires a commercially aware accountant to join the management team to continue the development of the accounting, administrative and computing activities. There will also be a significant role in providing a strong financial input to the development and implementation of IBM computerised systems.

The successful applicant, aged 35–45, will be a qualified accountant with at least five years experience in an expanding sales and marketing environment, ideally involved in pharmaceuticals or technology-based products. Practical experience of computerisation is essential.

In the first instance please write in complete confidence quoting reference 6302 and submitting a curriculum vitae to:

Peter Childs,
Pannell Kerr Forster Associates,
New Garden House,
78 Hatton Garden,
London EC1N 8JA.

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

FINANCIAL ACCOUNTANT

c £12,000

International cargo airline based at Gatwick Airport requires a competent accountant to be responsible for production of management accounts, budgets, and other financial information, and for the day-to-day running of a small accountancy department.

Familiarity with computerised systems is essential as is the ability to produce fast accurate information for directors and for UK based multinational holding company.

Preferred age 22-38 years.

Attractive package of salary and benefits.

Applications including c.v. and current salary to:

Finance Director
Tradewinds Airways Ltd
Timberham House
Gatwick Airport
Gatwick
West Sussex RH6 0NT

Tax Accountant

"Variety & challenge"

...with one of Britain's leading international insurance companies

c£16,000 **Surrey**

Our Tax Department at Head Office in Croydon has an excellent career opportunity for an experienced accountant looking to broaden their taxation expertise in a rapidly changing environment.

You will be involved in all aspects of the team's busy work load with particular emphasis on taxation accounting for the UK life and property business. There will be a need to review the effects of legislative changes and monitor compliance requirements.

Preferably qualified to Chartered/Certified Accountant and/or ATII, you should have all-round post-qualification taxation experience gained within a large company environment. An excellent communicator, some knowledge of computer systems would be an advantage.

Excellent benefits include mortgage subsidy.

Please write with CV or telephone for an application form to: Miss E. Duggins, UK Personnel Department, Commercial Union Assurance, Commercial Union House, 69 Park Lane, Croydon, Surrey CR9 1BG. Tel: 01-283 7500.

CU ASSURANCE

Jonathan Wren

Accountancy Opportunities in Banking

Accounting & Audit Functions **To £18,000**

Jonathan Wren is privileged to be instructed by a number of premier UK and International Banks to recruit qualified Chartered Accountants for appointments within the Financial and Management Accounting areas and Audit Teams. In the latter case some vacancies would have the added attraction of International travel. Candidates should have qualified within the past 2 years. Relevant experience in the Banking sector is useful, but not essential. Remuneration packages are attractive and career potential good.

Contact David Grove.

All applications will be treated in strict confidence.

SYDNEY **Jonathan Wren** HONG KONG
Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

Accountancy Appointments

Financial Systems Development Manager

To £22,000 + Car Yorkshire

Enhancement of large scale financial systems which interface with extensive operational systems, and control of the migration to a new generation mainframe are key issues in the early stages of this financial systems management role.

Relevant experience is therefore important, gained in a major commercial/industrial group or as a result of consulting. Recent experience of micro computing and an accounting qualification are also required together with the ability to see the whole MIS framework and work with other accountants, MIS professionals and general management. There is a small department of support staff.

The company is a very large UK plc where new generation equipment and the attendant system organisation skills are key to the future competitiveness of the business.

Please reply in confidence, quoting ref. L 204, to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

Financial Analyst

c£15,000 + Car Manchester

A very large industrial/consumer product group with over 100 units worldwide is seeking a financial analyst with the ability to rapidly gain the experience and maturity necessary to progress to controller level. The initial role will be based at a tightly knit Manchester headquarters and will involve financial and business forecasting, financial analysis of operating results, profit centre reviews, acquisitions and divestment proposals etc.

Candidates should be graduate qualified accountants with the commercial acumen and communication skills to relate to general management as well as other accounting professionals.

Please reply in confidence, quoting ref. L 206, to:

Chris Haworth,
Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 01-240 7805.

Mason & Nurse
Selection & Search

HongkongBank Limited

Assistant Director

ACCOUNTING

An exceptional opportunity for a dynamic young A.C.A.

We have been retained by HongkongBank Limited, the European Merchant banking arm of the HongkongBank Group. Due to substantial growth in its level of activity and to cater for new business development, the bank now seeks to recruit an Assistant Director, to head up their accounting function.

Applications are therefore invited from highly qualified, top calibre graduate Chartered Accountants, aged 30-35, who can demonstrate outstanding achievement in either an international/domestic banking environment or a large industrial/commercial organisation. Responsible for all statutory and management accounting functions, the ability to demonstrate strong entrepreneurial and man management skills will be a critical factor.

The importance attached to this position will be reflected in the highly attractive remuneration package. Further prospects, both in the bank or elsewhere within the Group, are outstanding and will be realised in the light of performance.

Interested applicants should write, enclosing a comprehensive curriculum vitae, quoting ref. 283, to Andrew Sales FCCA, Executive Division, at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH. Strictest confidentiality assured.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

Corporate Finance

Japanese Euromarket

£25-30,000 + bonus + benefits

The Japanese market represents one of the most important and growing sectors of our client's Euromarket activities. As the investment banking subsidiary of a major New York bank, they have a high reputation in the Far East and currently seek to expand the team handling this vital business.

You will:
- ★ Market and close transactions with London based Japanese banks, financial institutions and corporates.
- ★ Together with the Tokyo office, submit corporate finance proposals to clients based in Japan.
- ★ Travel to, and possibly undertake, an assignment in Tokyo.

They require:
- ★ A minimum of two years' corporate finance experience in the Euromarkets.
- ★ A sound knowledge of asset and liability swaps, new issues, nifs, rufs, private placements etc.
- ★ Ideally, Japanese experience or language abilities.

Candidates in their 20's or early 30's, with initiative, self confidence and the aggression to succeed in this competitive market, should contact Christopher Smith on 01-404 5751 or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH, quoting ref. 3561.

MP
Michael Page City
International Recruitment Consultants—London Brussels New York Sydney
A member of the Addison Page PLC group

Anderson, Squires

FINANCIAL ACCOUNTING & REPORTS MANAGER

Relocation to Bournemouth

The Chase Manhattan Bank is one of the world's largest international banks, with over 1,500 staff in the UK operation. In 1986 we will relocate many of our operations to a 28-acre green field site in Bournemouth.

We are currently looking for a disciplined and self motivated accountant to co-ordinate financial reporting and control for the UK branch. The appointee will occupy a pivotal financial role, liaising with auditors and with other financial and non-financial personnel in the Branch and Head Office.

The successful candidate will have had proven experience of regulatory and financial reporting within a bank, although an auditor with sufficient exposure to these areas would be considered. The prospects for internal promotion are excellent for the right candidate.

The position is initially based in London, but will relocate to Bournemouth in late 1986. We offer a highly competitive remuneration and benefits package, which includes full relocation costs, basic salary in the range of £18-23,000, and normal banking benefits.

Applications giving full career history should be sent to our advisor, Kevin Byrne, at the address below quoting reference 171. Alternatively, telephone him on 01-588 6644 (until 7pm on Thursday 31st October).

Anderson, Squires Ltd.,
Bank Recruitment Specialists
127 Cheapside, London EC2V 6BU

CHASE

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday November 7 1985

Brazil Government begins privatisation with Petrobras offer

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL'S small investors will have a rare opportunity later this month to acquire a shareholding in Petrobras, the state-controlled oil and chemicals group, through a share offer expected to raise around $400m.

The offer represents the Brazilian Government's first move on privatisation which it has repeatedly pledged to carry out since taking office in March. The strategy reflects enthusiasm within sections of the Sarney administration for the success of similar moves by Mrs Margaret Thatcher, the British Prime Minister, in the UK.

Altogether, 5bn non-voting, preferential shares – representing 6.6 per cent of Petrobras's total capital stock – will be available for purchase. Half will come from the large portfolio held by the BNDES, the federal development bank, and the remainder from Banco Sogeral, a local subsidiary of Société Générale, the major French bank.

Until recently officials in Brasilia were talking about putting the entire 22 per cent BNDES stake in Petrobras on the market – an enormous operation which could have raised more than $1.3bn, based on the current share price. This, it soon became evident, was beyond the capacity of the market to absorb without serious consequences for its overall liquidity.

Instead, the Government has decided for the moment simply to match a pre-planned sell-off of the Sogeral shares, originally in the hands of Mr Naji Nahas, the Egyptian-born financier who is a major shareholder in Petrobras.

A pool of 14 leading banks and brokerage houses will handle the transaction, to be launched on November 18

David Marsh reports from Paris on ambitious expansion plans for Duménil-Leblé

Seasoned traveller takes new paths

IN A venerable *hotel particulier* near the Paris bourse, where Victor Hugo once attended literary gatherings, Duménil-Leblé, an old-established securities house, is carving out a profitable niche in France's rapidly developing financial markets.

The company, created in 1912 as a money broker, has expanded rapidly in recent years in its specialised activity, underwriting and trading in bond issues. It has benefited from the explosion in the Paris bond market where volume has more than doubled since 1981, while secondary market trading has expanded sixfold.

Duménil-Leblé is now substantially strengthening its capital resources to prepare for opportunities and challenges arising from progressive deregulation of the Paris markets.

Quoted on the second marché, or unlisted section of the Paris stock market which has operated since December 1984, the company is raising FFr 170m ($21.3m) through a rights issue. This will more than quadruple its capital resources (including reserves) to FFr 220m.

Mr Alain Duménil, the chairman, and his brother, Philippe, general manager, who are grandsons of the company founder, started to sell their shares in Duménil-Leblé at the stock market offering last year.

After the rights issue, Duménil-Leblé's bourse capitalisation, on the basis of an issue price of FFr 800 per FFr 10 nominal share, will be around FFr 700m – for a company which employs 22 people.

About 25 per cent of capital is believed to be held by foreign investors, with the Duménil brothers owning only 25 per cent. Institutional shareholders own the bulk of shares outside the family. Mr Alain Duménil says the family sold shares steadily on the second marché this year (following the initial floating of 10 per cent of the capital last December) to take advantage of strong investor demand. The share sale has netted him and his brother several hundreds of millions of francs, which Mr Duménil says he will use for fresh bourse investments outside the financial sector.

Mr Duménil is considering a new dilution of the family's capital stake. A possible sale of perhaps 12.5 per cent nf capital to an outside institution – a bank, insurance company or industrial group – is being discussed as a way of opening up fresh expansion opportunities.

Duménil-Leblé is also on the point of acquiring a small London financial institution – as yet unnamed – where a deal has been struck with the seller, but the Bank of England has not yet given authorisation.

Duménil-Leblé will take a 75 per cent stake in the London institution, which is a licensed deposit-taker with investment banking and money-broking businesses, and hopes later to sell parts of its stake to outside financial and industrial groups. The London link, Mr Duménil says, should help his company learn from changes in the City of London. It will also provide opportunities for business between London and Paris in bonds and money broking.

Dumenil-Leble plans to link with Paris stockbrokers in creating two jobbing companies for shares and bonds under new rules expanding market-making possibilities just agreed by the Stockbrokers' Association and the French Banks Association. It also plans to participate in new markets in Paris in certificates of deposit and commercial paper.

Mr Duménil admits he is "head-hunting" financial talent among Paris banks such as Indosuez, Paribas, Credit Commercial de France and Lazards, offering generally higher salaries.

Two executives have just joined from Indosuez, and the staff has grown more than 50 per cent from 14 at end 1984. Out of the present number of 22, only seven are key trading personnel. This places a premium on talent.

Mr Dumenil has brought in stock option schemes which mean new executives bringing added profit capability can virtually launch themselves on the bourse by improving the company's second marché performance.

The stock option scheme is intended to reduce the possibility of executives leaving to start their own businesses. This possibility has been slight but could loom larger if the mini-financial revolution in Paris continues.

Duménil-Leblé prides itself on its independent status, but realises that the lack of a big parent could pose problems in the event of a reverse on the bond market after the almost continuous upswing of the last three years. The company believes, however, that its capital increase gives it sufficient financial muscle to weather added competition next year, and move into areas such as bond issuing. As for net profits, the company is forecasting a rise to FFr 48m this year from FFr 33m in 1984. It is hoping to earn FFr 65m next year.

IBM takes cautious view of growth

By Guy de Jonquieres in Greenock

IBM, the world's largest computer manufacturer, is taking a cautious attitude towards growth prospects next year and intends to continue emphasising a cost-cutting drive throughout its operations, senior executives said yesterday.

Mr John Akers, president and chief executive, told analysts in a meeting in Greenock, Scotland, that IBM did not see much improvement next year in US economic growth compared with this year, when it expected a 2.5 per cent increase in gross national product.

His remarks were reinforced by Mr Allen Krowe, IBM's chief financial officer, who said it would be imprudent not to be cautious about the outlook next year after the severe problems the US information processing industry had experienced during the past year.

"This caution is driving the most significant cost-cutting measures we have ever had in our company," he said.

Mr Akers said he expected IBM to show "some strong growth" in the fourth quarter this year, depending on the performance of the US economy and particularly of capital investment. Worldwide, the company had continued to ship products at higher levels than last year, though most of the growth had come from outside North America.

He said that in Europe, the Asia-Pacific area and Latin America, IBM's business had been growing well this year with shipments well ahead of last year. "The causes of 1985's weak performance lie in North America," he said.

IBM had reduced its worldwide expenses by 15 per cent in the third quarter this year compared with the same period a year before. "The fourth quarter will be better and we will continue this thrust through 1986," he said.

Phelps Dodge agrees copper mining deal with Sumitomo

BY KENNETH MARSTON IN LONDON AND WILLIAM HALL IN NEW YORK

JAPAN'S Sumitomo Metal Mining has reached a preliminary agreement to acquire for $75m a 15 per cent stake in the Morenci, Arizona, copper mine, owned by Phelps Dodge of the US.

The agreement is for Morenci – the biggest US copper mine – to be run as a joint venture between the two companies. The mine has a production capacity of more than 200,000 tonnes of copper a year.

Japan relies on imports of ores and concentrates for most of its copper production. Sumitomo has been looking for a stable copper supply in the face of an increasing number of copper-mine closures brought about by weak metal prices.

Under a contract to be signed by the end of this year, Sumitomo will receive copper concentrates containing 30,000 to 40,000 tons of copper a year from the mine.

The deal with the Japanese company was foreshadowed in May this year. At that time Mr George Monroe, chairman of Phelps Dodge, said he would be happy if the company sold between 25 and 40 per cent of the Morenci operations.

Phelps Dodge said yesterday it was still seeking to sell another 15 per cent stake in the mine.

The US group has been hard hit by the weakness of the copper market but, helped by a vigorous cost-cutting programme, has fought its way back into profitability this year; for the nine months it earned a net $19.4m compared with a restated loss of $50.2m in the same period of 1984.

● Sumitomo Metal Mining's exceptionally high-grade Hishikari gold and silver mine in the Kagoshima prefecture of Japan has produced 596 kg of gold and 708 kg of silver from only 3,680 tonnes of ore milled from the start of operations on July 25 until September 30.

The rich gold grade of 162g per tonne of ore is double that originally expected and the silver grade of 192g is also much higher. For the second half of the company's year to March 31 production is expected to be 2,250 kg of gold and 1,650 kg of silver, respective metal grades being 150g and 110g.

During the following year ore production is to rise to 54,000 tonnes which, on the basis of a 150g grade, would mean gold output of 8 tonnes. Meanwhile, Hishikari is expected to provide nearly half Sumitomo's projected pre-tax profit of Y7bn ($33m) for the current year.

Imasco still on upward profits curve

By Robert Gibbens in Montreal

IMASCO, the Canadian tobacco-products, fast-food and retailing group in which BAT Industries of Britain holds a large stake, reports higher earnings for the first half and is optimistic for the rest of the fiscal year.

Second-quarter profit was C$72.3m (US$53m) or 88 cents a share against C$61.9m or 80 cents on net revenues of C$1.06bn against C$869.3m. For the first six months earnings were C$134.4m or C$1.23 a share against C$113.9m or C$ 1.11 a share, on revenues of C$2.1bn against C$1.71bn. Net revenues exclude sales and excise taxes on tobacco products and in both periods special gains were balanced by special charges.

Truck market downturn leaves Rockwell static

BY WILLIAM HALL IN NEW YORK

ROCKWELL International, the big US defence contractor whose quarterly profits have grown rapidly in the past two years, yesterday reported profits were virtually unchanged in its final quarter.

The group's net income rose by $1m to $140m in the final three months. The company blames the performance on the downturn in the heavy-duty truck market, where the group is the major supplier of axles and brakes.

For the full year to end September, Rockwell's earnings rose by a fifth to $595.3m, and earnings per share rose by 23 per cent to $4 per share. Mr Robert Anderson, Rockwell's chief executive, says 1985 was the 10th consecutive year in which earnings had increased, and showed a record return on average stockholder's equity of 21.8 per cent.

Rockwell's automotive operations posted a one-third drop in earnings to $30.7m in the final quarter. This nearly offset the buoyant profit increases posted by the aerospace and electronics divisions, where earnings in the final quarter were up by 20 per cent and 28 per cent respectively.

Rockwell's aerospace earnings for the past 12 months rose 24 per cent to $493.8m on a 23 per cent sales increase to $5.3bn. The group's electronics operations, boosted by the Allen-Bradley acquisition last February, earned $354.2m, against $220.2m in fiscal 1984.

Automotive earnings for the year rose 5 per cent to $225.9m and general industrial earnings rose 20 per cent to $104.3m.

Texas Oil & Gas earnings decline 20%

By Terry Byland in New York

TEXAS Oil & Gas, the Dallas natural-gas group which has agreed to a $3.56bn takeover proposal from US Steel, has suffered a 20 per cent fall in annual earnings. Mr William Hutchison, chairman, says there are "too many variables" in natural gas markets to set an earnings goal for this year.

Net earnings fell from $348.2m or $1.65 a share to $276.8m or $1.32 in the 12 months to August 31, on turnover down 18 per cent at $1.71bn.

Natural gas production jumped 12 per cent to a company record of 198bn cu ft, but Mr Hutchison described energy pricing as uncertain and natural-gas markets as volatile.

The results seem to confirm Wall Street's cautious view of the merger, based on doubts about the short-term profits' outlook

Italian unit trusts draw record funds

By Alan Friedman in Milan

ITALY'S newly-created unit trusts reached a total of L15,607bn ($8.86bn) in investment funds at the end of October. A fresh inflow of savers' funds during that month alone reached a record L2,070bn.

October also saw record share purchases by the unit trusts, amounting to L450bn.

The appearance of unit trusts during the past year – a result of legislation approved at tha end of 1983 – has been a key factor in the extraordinary boom on the Milan bourse. The 39 operating funds, which have attracted 578,000 individual investors, place an average of two-thirds of their liquidity into government bonds and the remainder in equities.

Given the demand side of the equation – more funds chasing a limited number of shares – the Banca Commerciale Italiana share index has risen by more than 60 per cent since the start of the year. The total market capitalisation of the Milan bourse, meanwhile, has risen from $28.3bn last January to $51.2bn this week.

● Perugina, the luxury-chocolates maker which is part of Mr Carlo de Benedetti's Buitoni foods group, yesterday reported a L5.2bn net profit for the year ended June 30, representing less than half the net income recorded in the previous year. The company achieved a 1984-85 turnover 7.1 per cent up at L260bn.

SKF profits advance 34% at nine months

BY DAVID BROWN IN STOCKHOLM

SKF of Sweden, the world's leading manufacturer of roller bearings, reports a 34 per cent rise in profits after financial costs for the nine months ending September to SKr 1.12bn ($142m).

Demand for roller bearings in the US fell due to lower economic growth and heavy competition, and the group instituted a costly two-year retrenchment programme and management shake-up.

European demand for bearings will continue to improve, but at a lower rate, the company said.

Nine-month earnings in the rolling bearing division rose by SKr 198m, or 31 per cent, to SKr 827m, despite the losses and major restructuring costs in the US operation, on 12 per cent high sales of SKr 10.45bn.

Total group turnover advanced by 12 per cent to SKr 14.7bn, roughly half of which was generated by higher volume. The operating result after depreciation was ahead by 18 per cent to SKr 1.15bn.

SKF managed to cut financial and exchange costs by SKr 105m to SKr 32m, yielding the SKr 1.2bn pre-tax result. In the steel division, turnover for the nine months climbed 18 per cent to SKr 2.47bn but the results fell from SKr 62m to SKr 13m.

UBS outlook unclear

BY WILLIAM DULLFORCE IN GENEVA

UNION Bank of Switzerland (UBS) yesterday cast some doubt on its earnings outlook for 1986. The bank also warned that fiscal conditions affecting business in Switzerland were becoming an increasingly urgent issue.

Operating income for the first nine months "clearly surpassed" that achieved in the corresponding period last year and UBS said a good result was expected for 1985 as a whole. Last year net earnings climbed by more than 15 per cent to SFr 583m ($270m). However, not every year could be expected to produce a record result, Mr Guido Hanselmann, executive vice president, said.

Prospects for 1986 were positive provided there were no fundamental changes in the business environment. However it was questionable whether this year's extraordinarily heavy trading in securities would continue.

The revision of regulations to allow foreign issues denominated in Swiss francs to be made abroad, at which the National Bank hinted last month, could accelerate the switch in business from Switzerland to London, Mr Hanselmann pointed out.

MacMillan Bloedel slips

By Bernard Simon in Toronto

MACMILLAN BLOEDEL, the Vancouver-based forest products group, saw net earnings drop to C$12.1m, or 17 cents a share, in the three months to September 30, from C$13.7m, or 25 cents a share a year earlier. Sales slipped from C$603m to C$597m.

The company blamed the fall on weak prices for wood pulp, lumber, linerboard and corrugated board. It said future prospects were improved by the recent drop in the US dollar against currencies other than the Canadian dollar.

Otto Wolff sells PHW stake

By Peter Bruce in Bonn

OTTO WOLFF, a major West German engineering group, has sold a large portion of its holding in PHB-Weserhütte (PHW), one of the world's biggest bulk-handling companies, three months after winning a bitter 18-month battle for control of the company.

The Otto Wolff group said yesterday it had sold 24.8 per cent of PHW to the Aachener und Münchener insurance group for an undisclosed sum. In July, Otto Wolff is understood to have paid DM 60m ($23m) to Hoesch, the steelmaker, for 49.8 per cent of PHW.

This gave the Otto Wolff group total control and signalled the end of an attempt by Hoesch to buy the PHW group and merge it with its own mechanical engineering operation, Orenstein & Koppel.

Window closing on perpetual floaters

BY MAGGIE URRY IN LONDON

THE launch yesterday of another $400m perpetual floater, for Hongkong and Shanghai Bank, has led traders to suggest that the window for these issues is closing fast. More than $2.5bn worth of such paper has come on to the market in recent weeks and syndicate books are beginning to look overloaded.

The Hongkong Bank issue, led by Lloyds Merchant Bank, paya interest at ¼ per cent over the mean between the bid and offered rates for three-month London inter-bank deposits (Limean). Front-end fees total 25 basis points.

Although the terms are almost identical to those for the issue for Lloyds Bank last week, which was well received, these bonds were moving more slowly and were quoted around 99.80.

A $250m collateralised issue for Lincoln Savings Association, which comes in registered form, was trading solidly just within the 15 basis point selling concession. Banque Paribas set the terms for the 10-year issue at a coupon of ⅛ per cent above three-month Libor with total commissions at 40 basis points.

IBM Credit Corporation used a two-tranche issue totalling $100m with redemption linked to the yen/dollar exchange rate in a complex swap to obtain cheap funds. The issue, led by Nomura International, has two equal-sized portions of a straight and a floater. Both will be repaid at par after 10 years if the exchange rate is Y169 to the dollar. If the yen is weaker investors will get more back, and if it is stronger they will receive less.

The straight has a 10¼ per cent coupon and 101 issue price with fees of 2 per cent. It was not seen to be trading actively and dealers thought the paper had been largely pre-placed.

The floater pays a coupon of ⅛ per cent over six-month Libor with fees of 70 basis points. That was bid at a discount equal to the fees, though again trading was not active.

The Eurodollar fixed-rate market firmed slightly but has lagged well behind the New York market.

In the Canadian dollar sector Wood Bundy launched a C$100m deal for Farm Credit of Canada which has a seven-year life, a 10 per cent coupon and 99½ issue price. The bonds were moving slowly and were bid at a discount outside the 1⅞ per cent total fees.

An issue in the New Zealand dollar market was also proving tough, as investors are fighting shy of the currency despite high coupons. Banque Paribas Luxembourg is the borrower for the NZ$50m three-year deal, which has an 18 per cent coupon and par issue price. Lead manager is Banque Paribas Capital Markets. The bonds were quoted at 98½, just on the 1½ per cent fees.

The D-Mark market has picked up with a swing in sentiment in the past few days. Secondary market prices gained as much as ¾ point in some issues in the foreign bonds with domestic bonds even firmer.

A DM 300m issue for the European Investment Bank caught the mood of the market and was trading close to the par issue price. The 10-year bonds have a 6¾ per cent coupon and lead manager is Deutsche Bank. The deal for Mövenpick with equity warrants, launched on Tuesday, jumped another three points to 110½.

The Swiss franc foreign bond market has also improved with the secondary market up by ¼ point. However, the SFr 110m issue for Niagara Mohawk Power had a poor debut on the stock exchanges, closing at 97½, down from its par issue price.

INTERNATIONAL COMPANIES & FINANCE

German banks face quiz on new loans

By John Davies in Frankfurt

THE FEDERAL banking supervisory office in West Berlin has begun asking West German banks for information on their involvement in new financial instruments.

The move reflects a tendency among bank regulators internationally to take a closer interest in the off-balance-sheet business that many banks are seeking to build up.

Some have voiced concern that banks may be accumulating commitments and risks through their involvement in certain types of innovatory financial instruments.

A committee of the Bank for International Settlements has been looking into the rapid expansion of banks' off-balance-sheet business and central bankers considered a progress report in September.

Various central banks and other agencies responsible for supervising banks have been reminding banks of the need to ensure that off-balance-sheet business is adequately backed by capital.

In the past few years, there has been a substantial change in the pattern of lending through leading financial markets – with a decline in new international bank lending and a sharp increase in capital-market issues and financial innovations.

US insurers show steady operating gains

By Our Financial Staff

TWO LEADING US insurance groups reveal steady gains in operating profits.

Combined International, the Chicago-based composite, lifted third-quarter net operating profit from $35m or $1.06 a share to $42m or $1.26, boosting the nine-month total from $99.8m to $117.7m or from $3.01 to $3.54 a share.

Revenues amounted to $999.5m against $952.8m for the nine months and $337m against $319.2m for the latest quarter.

Continental Corporation, New York-based holding company of Continental Insurance, one of the largest US property-casualty underwriters, increased net operating earnings from $17.5m to $19.4m in the third quarter and from $48.1m to $57m in the first nine months.

Per-share earnings were 32 cents against 31 cents for the quarter.

U.S. QUARTERLIES

CENTEX
Construction, property, cement

Second quarter	1985-86 $	1984-85 $
Revenue	375.9m	312.9m
Net profits	12.7m	11.2m
Net per share	0.69	0.56
Six months		
Revenue	725.1m	612.7m
Net profits	25.4m	21.3m
Net per share	1.38	1.07

HALLIBURTON
Oilfield services, industrial engineering

Third quarter	1985 $	1984 $
Revenue	1.2bn	1.4bn
Net profits	*62.4m	*94.6m
Net per share	*0.57	*0.83
Nine months		
Revenue	3.6bn	4.1bn
Net profits	†28m	*253.1m
Net per share	†0.26	*2.25

* Operating, † Operating Loss

MOORE
Business stationery, boxes, printing equipment

Third quarter	1985 $	1984 $
Revenue	511.1m	494.4m
Net profits	31.3m	30m
Net per share	0.35	0.34
Nine months		
Revenue	1.51bn	1.49bn
Net profits	95.3m	89m
Net per share	1.07	0.96

THOMSON NEWSPAPERS
Newspaper publishing and printing

Nine months	1985 $	1984 $
Revenue	686.7m	587.2m
Net profits	118.6m	104.9m
Net per share	0.80	0.71

US savings industry authorities set up vehicle for problem loans

BY WILLIAM HALL IN NEW YORK

THE Federal Home Loan Bank Board (FHLB), which supervises most of the US savings banks, is setting up a new company to manage $3bn of the industry's problem loans in a bid to bolster its rapidly declining deposit insurance fund.

Mr Edwin Gray, chairman of the FHLB, who has come under criticism for the way he has handled recent difficulties in the US savings bank industry, yesterday announced the creation of the Federal Assets Disposition Corporation which will buy the problem loans on the books of the Federal Savings and Loan Insurance Corporation (FSLIC).

The initiative is designed to take some of the pressure off FSLIC, which insures deposits of up to $100,000 for customers of the savings bank industry.

As the industry's difficulties have mounted, the call on FSLIC's resources has risen rapidly and led to growing official concern that the insurance fund might not be able to meet its obligations.

FSLIC has $3.3bn of funds at its disposal. Some industry analysts have predicted that if the pace of savings bank failures continues at its present rate, FSLIC's resources will drop to $1.5bn within the next six months and it could be required to cover losses of up to $15bn.

Mr Gray announced the formation of the new company yesterday at the annual convention of the US League of Savings and Loan Institutions in Dallas.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 6.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅛ 92	100	98¾	99¼	+0¼	+0⅞	10.58
Amex Credit 10⅞ 90	100	102½	103	+0⅛	+0⅛	10.05
Atlant Richfld 10¼ 00	250	95⅛	95¾	+0⅛	−1	10.74
Australia Com 11¼ 00	100	104⅞	105⅝	+0⅛	+0⅞	10.63
Australia Com 11 95	200	104⅛	104⅝	0	+0⅞	10.24
BP Capital 11⅛ 92	150	103¾	104¼	0	+0⅝	10.20
Campbell Soup 10½ 95	100	102¼	102¾	+0¼	+1⅛	10.06
Canada 11½ 90	500	106⅜	106⅞	+0¼	+1	9.54
Canadian Pac 10¼ 95	100	100	102½	+0⅛	+0⅞	10.00
Canadian Pac 12½ 99	75	107¾	108¼	+0⅝	+0¼	11.33
Chevron U.S.A. 12¼ 89	600	104⅞	105⅜	0	0	10.58
Citicorp 10 88	200	100⅝	101⅛	0	+0¼	9.80
Citicorp 10⅛ 90	200	98¼	98¾	+0⅛	+1	10.06
Citicorp 11½ 95	150	†* 101⅞	102⅜	0	0	11.10
Coca Cola 11¼ 91	100	106¾	107¼	+0⅛	+0⅛	10.12
Denmark Kingdom 11¼ 89	100	103⅝	104⅛	+0⅝	+0½	9.80
Denmark Kingdom 11½ 90	100	104½	105	+0⅛	+0⅝	10.10
Denmark Kingdom 11½ 92	100	104½	105	+0¼	+0⅞	10.42
E.D.F. 10 95	225	97	97½	+0⅛	+0⅞	10.45
E.E.C. 9⅛ 90	350	98¾	99¼	0	+0½	9.60
E.E.C. 11⅛ 90	100	104	104½	+0⅛	+0½	9.82
E.I.B. 12 95	200	109⅛	109⅝	+0⅛	+0¾	10.52
Eli Lilly 10¼ 92	150	101¾	102¼	+0⅛	+0½	9.93
Export Dev Corp 10 90	100	100⅞	101⅜	+0¼	+0¾	9.65
Export Dev Corp 12 89	100	107	107½	−0¼	−0⅛	9.72
Fed Dep Stores 10⅛ 95	100	97¾	98¼	+0⅝	+0½	10.44
Ford Motor Cred 11⅛ 90	100	103⅜	103⅞	+0⅛	+0⅛	10.25
Ford Motor Cred 11¼ 92	100	† 103½	104	+0⅛	+0⅛	10.63
Ford Motor Cred 12 95	100	105⅜	105⅞	+0⅛	+0¾	10.98
Gen Elec Credit 10¼ 90	200	101⅜	101⅞	0	+0⅜	10.02
GMAC 10¼ 89	200	101¼	101¾	0	+0¼	9.69
IADB 10½ 95	150	99⅞	100⅜	+0⅛	+0⅝	10.47
IBM Credit 10⅛ 2000	300	† 102	102½	−0⅛	−0⅛	10.06
Kellogg Company 10⅞ 90	100	102¼	102¾	0	+0⅛	9.79
Kellogg Company 11¼ 92	100	104⅜	104⅞	−0⅛	0	10.19
L.T.C.B. 12¾ 01	100	110½	111	0	+0⅝	10.37
Macy Cred Corp 11¼ 90	100	101⅜	101⅞	+0⅛	+0½	11.44
Mitsui Trust 11⅛ 90	100	103⅝	104⅛	+0⅛	+0⅞	10.48
Pillsbury Co. 10⅛ 93	100	97⅝	98⅛	+0⅛	+0¾	10.65
Pru Realty secs 12⅛ 95	546	107½	108	+0⅝	+0¾	10.74
Qantas Airways 10⅛ 95	140	99⅞	100⅜	+0⅛	+0½	10.34
Quebec Hydro 11½ 92	100	106⅜	106⅞	+0⅛	+0⅝	10.14
Queensland Govt 10¼ 90	100	97⅞	98⅜	+0⅛	+0⅛	10.55
Ralston Purina 11¼ 95	150	105⅛	105⅝	+0¼	+0⅛	10.79
Ralston Purina 12¾ 89	100	109⅜	109⅞	+0¼	+0½	9.90
Saskatchewan 10¼ 92	100	102½	103	+0¼	+0⅞	10.11
Saskatchewan 11⅛ 89	100	106⅜	106⅞	0	0	9.38
Statoil 10 90	170	100¼	100¾	+0⅛	+0¾	9.84
S Wales Tsy 11⅛ 90	150	105⅝	106⅛	+0⅛	+0¼	10.02
Swed Exp Cred 10 92	100	98⅜	98⅞	+0⅛	+0⅝	10.22
Swed Exp Cred 12¼ 89XW	100	107¾	108¼	+0⅛	+0½	10.11
Sweden Kingdom 10⅞ 90	200	102⅞	103⅜	0	+0½	9.95
Sweden Kingdom 11½ 89	200	105¼	105¾	+0⅛	+0¾	9.79
Sweden Kingdom 11¼ 94	100	106½	107	+0⅛	+0¾	10.55
Tenneco Corp 10¼ 95	150	100⅜	100⅞	+0⅛	+0⅝	10.62
Texaco Capital 10 95	300	94⅞	95⅜	0	+0⅝	10.82
Texaco Capital 11⅛ 95	250	101¾	102¼	+0⅛	+0⅛	10.75
United Tech Fin 10⅛ 95	100	100⅜	100⅞	+0⅜	+0½	10.51
Victorian Rep 11⅛ 92	150	105	105½	+0⅛	+0¾	10.44
World Bank 10½ 90	300	99⅜	99⅞	+0⅛	+0⅝	10.34
World Bank 12⅛ 94	200	112⅜	112⅞	+0⅛	+0⅞	10.51

Average price change On day +0⅛ on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	104⅛	104⅞	+0⅛	+1¾	7.29
Austria Republic 7⅞ 94	200	103⅛	103⅞	+0¼	+1¼	7.06
Baxter Travenol 7¼ 94	200	100⅝	101⅜	0	+0¾	7.08
Copenhagen 7⅜ 95	150	100⅛	100⅞	0	+1	7.29
Credit National 8⅛ 94	300	104¾	105¼	0	+1¼	7.29
E.I.B. 7¼ 94	300	101⅛	102¼	+0½	+2	6.96
Escom 8 92	150	95	95¾	0	+0⅞	8.96
Ex-Im Bk Korea 7⅛ 00	100	100¼	100¾	+0⅛	+0⅞	7.48
Ferrovie Dello Stato 8 91	100	103⅝	104⅜	+0¼	+0¾	7.07
Finland Republic 7 92	200	100⅞	101⅝	+0½	+2	6.74
Gould Int Fin 7½ 01	100	102⅞	103⅜	+0¼	+1¼	6.88
Ireland 8⅛ 92	150	103⅝	104⅜	−0½	0	7.32
Japan Fin Corp 7⅛ 91	100	103	103¾	+0⅛	+1⅛	6.37
Mitsubishi Hvy 3½ 89WW	300	160¼	161¾	+0¼	−7	−10.47
Mitsubishi Hvy 3½ 89XW	300	92	93	+0⅜	+0¾	5.59
Mitsubishi Met 3⅛ 89WW	100	105½	106½	+0⅛	−1½	1.81
Mitsubishi Met 3⅛ 89XW	100	89¾	90½	0	+0⅛	6.13
Quebec Hydro 7⅛ 90	200	101⅜	102⅞	+0¼	+2	6.88
Renfe 7¼ 95	100	102½	103	+0¼	+1⅛	7.33
Soc Cent Nucleair 7¼ 95	150	101½	102	+0⅝	+0¾	6.99
Societe Cent Nucleair 8 91	100	105⅛	105⅞	−0½	−0¾	6.78
Sth African Tran 7⅛ 92	100	91¾	92½	−0⅛	−1⅛	9.19
World Bank 7 95	600	† 100¾	101¼	+0⅛	+2⅛	6.89
World Bank 7¼ 89	100	103⅜	104⅛	+0⅛	+0½	6.43

Average price change On day +0⅝ on week +0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap Corp 5⅞ 94	130	† 100	100¼	0	+0¼	5.86
Brit land Comp 6½ 99	75	† 104¼	104¾	+0⅞	−0⅛	6.02
Council of Europe 6 92	120	† 102¾	103	+1	0	5.50
Creditanstalt 5½ 94	100	† 99½	99¾	0	0	5.55
Deutsche Bk Fin 5⅜ 90	100	† 101⅛	102	+0⅝	−0⅞	5.13
E.I.B. 5¾ 94	120	† 101½	101¾	0	−1¼	5.84
Gen Occidentale 4½ 94	[illegible]	† 102¾	103	−0¼	+1⅛	4.11
Glendale Fed.S&L 5½ 95	100	† 97	97¼	0	−0¾	5.89
Ind Fund Fin 5¼ 94	40	101¼	101½	+0¼	+0¼	5.55
Int-Am Dev Bk 6⅛ 94	120	† 102	102½	−0⅞	−1⅜	5.80
N.Zealand steel 5¼ 95	70	† 100	100¼	+0¼	+0¼	5.73
Oberos Kltwk 5⅛ 95	100	† 98¾	100	−0¼	+0¼	5.30
Olivetti Int 5½ 90	100	† 100¼	100½	−0¼	−0¼	5.45
Pepsico 5¼ 95	130	† 101	101¼	+0⅞	+0½	5.09
Ralston Purina 5⅛ 94	125	† 100¾	101	−0¼	−0¼	5.26
Santos Finance Ltd 6 94	130	† 99¼	99½	+0⅝	+0¼	6.09
Tokyo Elec Pwr 5½ 93	120	† 101	101¼	+0¼	0	5.30
Tokyo Metropolis 5¼ 94	[illegible]	† 101	101¼	+0½	+0½	5.88
World Bk 5⅛ 94	150	† 101½	101¾	+0¼	−0¼	5.52

Average price change On day +0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¼ 90	15	99½	100	+0⅜	+0⅝	6.80
Gdyr Tr & Rubber 7¼ 95	25	99⅝	100⅛	+0¼	+0¾	7.12
Mort Bk Denmark 7 92	10	99⅛	100	+0¼	+0⅛	7.04
New Brunswick 7⅛ 90	10	99⅞	100⅜	+0⅛	+0⅛	7.10
Swed Exp Cred Zero 90	14	71⅛	71⅝	+0¾	+0⅛	7.14

Average price change On day +0¼ on week +0⅝

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aust Gas & Light 13 92 $A	30	97⅞	98⅞	−0¼	−0⅝	13.25
Kellogg Co. 12¾ 88 A$	30	96¼	97¼	+0⅛	−0⅛	14.10
Pepsico Cap. Res. 13 90A$	50	102⅝	103⅝	+0¼	0	12.30
Transcan.Pipe 13½ 90A$	40	93⅞	98⅞	0	0	15.12
Amex 10¼ 90 C$	50	101	101½	−0⅛	+0¾	10.35
CIBC 10⅛ 90 C$	75	† 102⅜	102⅞	+0¼	+1⅜	10.00
Genstar Fin 11¼ 95 C$	75	100¾	101¼	+0⅜	+1½	11.55
Hamil-Went'th 10¼ 95C$	25	†* 95⅛	95⅝	0	+0⅛	11.01
Montreal 11½ 95 C$	75	104⅛	104⅝	+0¼	+1⅛	10.72
Sears Acc. Co 10⅛ 92C$	75	† 97¾	98¼	+0⅛	+2	11.04
Winnipeg City 10⅛ 90C$	50	102¼	102¾	0	+1⅛	9.60
Chrysler Fin Corp 17 90NZ$	65	92	93½	+0⅛	−0⅛	18.27
K.O.P. 16¼ 91 NZ$	50	90¾	91¼	+0¼	+0⅞	[illegible]
Kredietbank Lux. 17 00 NZ$	70	99	100	+0½	+1	[illegible]
B.N.P. 8⅛ 95 ECU	75	98¼	99	+0⅝	+0⅝	[illegible]
IBM Wld Trade 8¼ 90ECU	150	99⅞	100⅜	+0⅛	+0¾	8.17
Sec Pac Aust 8¼ 90 ECU	100	98¼	98¾	0	+0⅝	8.14
Honda Motor WW 3⅝ 90FL	100	102⅞	103⅜	0	−0½	3.10
Honda Motor XW 3⅝ 90FL	100	98	98½	0	−0⅛	7.89
Thyssen 7¼ 90 FL	50	101⅜	102⅞	0	+0¼	6.77
Wereldhave 7½ 90 FL	75	101	101½	0	+0⅛	7.17
Wessanen 8¼ 90 FL	[illegible]	98⅝	99⅛	0	+0⅝	7.82
S.N.C.F. 11 2000 FF	500	100⅝	101⅛	+0⅝	+0⅝	10.86
Australia Comm 11 92 £	40	100	100½	−0⅛	0	10.91
BP Capital 10¼ 92 £	50	100	100½	0	+0⅛	[illegible]
E.I.B. 11⅛ 92 £	50	99⅞	100⅜	−0⅛	−0½	11.07
GMAC UK Fin 10½ 90 £	30	99⅜	99⅞	−0¼	0	10.88
Imp Chem Inds 11¼ 95 £	75	100½	101	−0¼	−0⅛	11.11
Imp Chem Inds 10¼ 92 £	75	97¾	98¼	−0⅛	−0⅝	11.17
Mcdonalds 10⅞ 90 £	40	100⅞	101⅜	0	+0⅛	10.51
Mitsubishi Fin HK 11 90 £	50	99⅜	99⅞	−0⅛	+0⅛	11.07
Privatbanken 11⅞ 92 £	20	100¾	101¼	0	−0⅝	11.61
Rank Xerox 11 92 £	40	99	99½	−0⅝	−0½	11.14
Royal Ind 10¼ 92 £	[illegible]	97½	98	0	−0¼	11.22
Star Drug Cap 10⅞ 90 £	30	99⅞	100⅜	−0⅛	+0⅛	10.98
Tricentrol XW 11 92 £	35	96⅜	96⅞	−0⅛	0	11.73
Trusthouse Forte 11⅛ 90£	50	99½	100	+0⅛	+0¼	11.16
World Bank 11¼ 90 £	100	100⅞	101⅜	−0⅛	−0⅛	11.00
C.G.E. 8⅞ 95 LF	600	98⅛	99⅞	0	+0⅝	8.95
Nat Lux Alum 10½ 92 LF	600	103½	104⅛	−0⅛	+0⅛	9.66

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BankAmerica O/S 5¼ 96	0⅛	99⅞	100⅛	30/12	8⅛	8.13
Bankers Trust 5 2000	0	99⅞	100⅛	11/12	8.44	8.44
B.F.C.E. 5¼ 99	0⅛	100⅛	100⅜	13/12	8¾	8.73
B.N.P. 5¼ 95	0	101¼	101⅜	10/1	5¼	5.17
B.N.P. 5¼ 98 (July)	0¼	99⅞	100⅛	22/1	8¼	8.25
B.N.P. 5¼ 99	0⅛	100	100½	6/6	8¼	[illegible]
Britannia 5 93	0⅛	99⅞	100⅛	8/1	5	5.00
C.C.F. 5¼ 97	0	99⅝	99⅞	28/10	8.19	8.21
Chase Man'tn 5¼ 2009	0⅛	100	100⅛	5/12	8.44	8.43
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	8.89	8.82
Credit Lyonnais 5 00	0	100⅛	100⅜	19/1	5	4.98
E.E.C. 5 90	0	99⅜	99⅞	8/1	5.06	5.08
E.N.E.L. 5 00	0⅛	100⅛	100⅜	1/2	5	4.98
Iceland 5¼ 00	0⅛	99⅝	99⅞	11/1	5¼	5.26
Ireland 5¼ 97	0	100	100¼	25/10	9.00	8.98
Ireland 5¼ 99	0	100¼	100½	16/3	8.94	8.90
Lloyds Bank Perp	0¼	100⅛	100⅜	9/12	8	7.96
Midland Bank Perp 5	0⅛	100	100½	19/12	8⅛	8.10
Nat West Perp A 5¼ §	0¼	100	100¼	9/1	8¼	8.24
Nat West Perp B 5¼ §	0¼	100⅛	100⅜	10/2	8.01	7.99
New Zealand 5 97 £	0	99¾	100	14/11	11.58	11.58
Roy Bk Canada 5 2005	0⅛	99⅞	100⅛	7/10	8¼	8.25
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	1/11	11.69	11.78
Societe Generale 5¼ 97	0	100	100¼	18/3	5¼	5.24
United Kingdom 5 92	0	99⅞	100⅛	7/7	5	5.00

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	125	126	−0⅛	8.22
Comcast 7 2000	12/85	23.875	† 105½	106½	−0⅜	28.76
Fanuc 3¼ 98	1/84	7032.5	205½	207	+0¾	67.81
Fuji Hvy Inds 3 2000	8/85	678	95⅞	96⅞	+0¾	1.44
Fujitsu 3 99	5/84	1320.9	93⅝	94⅝	+1½	15.69
Kumagai Gumi 3½ 2000	3/85	600	107⅝	108⅝	−1¼	6.37
Marui 3½ 99	7/84	1162	148½	149½	+0⅞	−2.58
Mitsubishi Elec 2¾ 00	3/85	422	100¼	101¼	+1⅜	−0.60
Murata 3½ 2000	7/84	2398	112⅝	113⅝	+0¾	19.22
Nippon Elec 2⅞ 2000	1/85	1295	106⅜	107¾	+3½	30.13
Nippon Oil Co 3 2000	5/85	923	100¾	101¾	+0⅝	−4.36
Oki Elec Ind 3½ 99	10/84	805	91½	92½	+0¾	12.36
Orient Leasing 5⅛ 98	6/83	2680	105	107	−0¾	−5.15
Sekisui House 5 98	8/84	612	101¼	102½	+0⅛	−0.89
Sumitomo Bank 2¾ 2000	8/85	2142	97⅞	98⅞	0	2.41
Sumitomo Corp 2⅞ 99	5/84	593	134⅛	135⅛	−0⅜	−2.88
Taiyo Yuden 3¼ 2000	3/85	1078	† 98	100	+1	−4.30
Takeda Riken 3⅝ 2000	10/84	7663	† 90½	91½	+1	14.29
Tokyo Sanyo Elec 3½ 95	12/84	772	94	95	+0⅝	−0.33
Toshiba Ceramics 5 2000	4/85	1734.2	97½	98½	+0⅝	2.75
Nippon Oil Co 2⅞ 92 SF	3/84	1052	† 100½	100¾	−0¼	20.04
Nippon Shinpan Co 2 92 SF	3/84	801	† 111¼	111½	+1⅞	13.02
Asics 5 92 DM	12/83	520	106⅞	107⅞	+0⅞	16.38
Renown 3⅛ 90 DM	3/85	675	100¾	101⅝	+0⅝	−4.76
Sun Realty 6½ 92 DM	2/83	336	† 375⅛	376½	+2⅛	−0.69

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price, the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cr. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

South African Breweries hit by decline in spending

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN Breweries (SAB), the country's largest diversified consumer goods group, suffered from depressed trading in mass consumer markets in the six months to September.

Although first-half turnover increased by 4 per cent to R2.63bn ($1.02bn), pre-tax profits dropped to R63.9m from R101.8m.

The directors say that the profit drop was due to a 6 per cent decline in real private consumption expenditure. Nevertheless the beer division, which enjoys a virtual monopoly of the South African market, increased volume sales by 1 per cent.

This, the directors say, was the major factor contributing to an 8 per cent profit improvement by the group's beverage interests. The contribuition from the other interests fell by about 60 per cent.

The board does not expect an improvement in consumer spending to materialise before mid-1986. This means that business activity will be moderate in the second half of the financial year when the bulk of profits is generally earned.

The directors warn that against this background and the country's "volatile socio-economic siutation" it will be difficult to achieve earnings which match those of last year. Nevertheless, they believe that if consumer spending does not deteriorate further, this year's final performance should not fall far short of last year's.

The interim dividend has been maintained at 10 cents a share although first-half earnings dropped to 19.4 cents a share from 27.5 cents for all last year earnings came to 80.4 cents a share and a dividend total of 36 cents was paid.

Apart from its beer interests, SAB controls OK Bazaars, a leading supermarket chain; Amrel, the country's largest furniture retailer; and Southern Sun, South Africa's largest hotel group. In turn, SAB is indirectly controlled by Anglo American, South Africa's largest mining and industrial conglomerate.

Downturn for Metal Box SA

BY OUR JOHANNESBURG CORRESPONDENT

METAL BOX South Africa, the local affiliate of the British Metal Box Company, had to contend with severe price competition and lower demand for some products in the year to September.

Turnover increased by 8 per cent to R716m ($276.7m), but flat operating earnings were eroded by higher interest charges and led to a drop in pre-tax profits to R45.8m from R48.3m.

The commissioning of several capital projects led to a reduction in the tax burden and earnings increased to 54.1 cents a share from 50.5 cents. The dividend is unchanged at 22 cents.

Metal Box SA is owned 25 per cent by the UK company and 54 per cent by Nampak, the packaging arm of the Barlow Rand group. Nampak's turnover, which consolidates that of Metal Box, increased to R1.43bn from R1.31bn but operating profits dropped to R142m from R169m.

Profitability of the corrugated packaging operations was "seriously impaired" by the need to reduce margins in order to retain market share. Nampak's earnings dropped to 143 cents a share from 175 cents but the dividend has been maintained at 70 cents.

Rise in premium income and total assets at Sanlam

BY OUR JOHANNESBURG CORRESPONDENT

SANLAM, South Africa's second largest insurance group, increased total assets by 25 per cent to R7.8bn ($3bn) in the year to September and premium income by 22 per cent to R1.59bn. Investment income advanced to R872m from R684m.

Mr Pierre Steyn, the managing director, says that investment income represented a return of 13.8 per cent on average assets compared with 13.5 per cent a year ago. The rate of return was enhanced by active trading in option markets which, Mr Steyn says, allowed Sanlam to take advantage of movements in interest rates

Insurance analysts in Johannesburg point out that, like most other companies, Sanlam's average return on assets is less than the current inflation rate. They also say that returns are being affected by the recent investment of additional funds in the troubled Kirsh retail group and the earlier additional investment in Federale Mynbou, which controls Gencor, South Africa's second largest mining house.

The added investment in Kirsh was needed to reduce the company's high debt and, according to retail analysts, to prevent creditor banks from calling in their loans.

Sanlam, a mutual company, has in the past year increased its payments to policyholders by 39 per cent to R759m.

China Light and Power lifts profits by 27%

By David Dodwell in Hong Kong

CHINA LIGHT AND POWER, the electricity generating company that provides power to Kowloon and Hong Kong's New Territories, yesterday announced profits for the year to September of HK$1.27bn (US$ 162.8m) a 27 per cent increase on the previous year.

The company said the improvement was in part due to the increasing use of coal for power generation. Its oil-fired power units are at present mainly used to met peak loads. The company's success in keeping a tight control on operating costs means that electricity prices are expected to remain stable for the year ahead, it said. They were last increased in 1983.

China Light and Power is the younger of Hong Kong's two electricity generating companies. Hongkong Electric, which supplies Hong Kong Island, predates it by many years. But recent rapid industrial and residential development in Hong Kong's New Territories has made it the bigger, and faster growing utility.

It has installed power generating capacity of 4,344 megawatts, compared with less than 1,700 MW for Hongkong Electric. A new 660 MW coal-fired unit at Castle Peak in the extreme west of the New Territories was opened by China Light just a week ago—four months ahead of schedule. Expansion at Castle Peak is expected to lift generating capacity to 6,324 MW by 1990.

China Light is a partner in a joint venture set up to build an 1,800 MW nuclear power plant at Daya Bay just over Hong Kong's land border with mainland China. Negotiations with contractors in the US$3.5bn project are at a crucial stage, with agreement possible by the end of the year. Under an agreement with the Chinese authorities to share power from the nuclear plant, China Light would have a further 1,350 MW of power by 1994.

In 1984, sales of electricity to China's Guangdong province made an important contribution to profits, earning $312m. China Light did not disclose the comparable earnings for 1985.

China Light has announced a final dividend of 21 cents a share, bringing the total for the year to 60 cents. This compares with an adjusted 49 cents last year.

Slowdown in growth at Sumitomo Electric

BY YOKO SHIBATA IN TOKYO

SINGLE-FIGURE earnings growth has been reported for the first time in three years by Sumitomo Electric, Japan's largest maker of electric wire and cables, and of optical fibres. Pre-tax profits advanced by only 2.1 per cent to Y9.63bn ($46.5m) in the half-year to September. Sales were just 3.7 per cent ahead at Y253.6bn.

The slowdown was attributed chiefly to a fall in demand for electronics-related materals, because of the semiconductor industry recession, and higher research and development spending.

Sales of automotive equipment rose by 2 per cent, reflecting the buoyancy in the motor industry. However, electronics products such as integrated circuit lead frames, magnet wires and electronic wires all levelled off.

Sumitomo Electric is expanding production of optical fibres abroad by establishing a fully-owned plant in the US, and through technical links with manufacturers in the UK, West Germany and Australia. However, delays in overseas plant construction have resulted in only moderate sales growth.

For the second half to March 1986, the company expects good demand for automotive products, but says prospects for the recovery in sales of electronic products are grim. Full-year sales are forecast to grow by 4.6 per cent to Y530bn and pre-tax profits by 7.4 per cent to a record Y21.5bn.

The dividend total will be increased by Y0.5 to Y7

Malaysian Airline System share offer oversubscribed

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN Airline System (MAS) has received an enthusiastic response from local investors to its share flotation with the offer oversubscribed more than six times.

Applications for a total of 398m shares, worth 715m ringgit ($293m) were received for the 52.5m shares offered to the public, according to MIDF Consultancy Service, the issuing house which conducted balloting.

Bankers said the response to the share offer was better than expected, considering the weak tone prevailing on the Kuala Lumpur Stock Exchange.

MAS shares will be granted a listing on the exchange on December 9, ahead of its rival, Singapore Airlines, which is also floating shares this month.

MAS is offering a total of 105m shares priced at 1.8 ringgit each. The 35m shares reserved for Malay financial institutions and 17.5m for employees have also been fully taken up.

The 105m shares represent 30 per cent of MAS's enlarged capital.

Loss deepens at Benguet

BY KENNETH MARSTON, MINING EDITOR

BENGUET CORPORATION, a major producer of copper and gold in the Philippines reports a third-quarter net loss of 29.4m pesos ($1.57m). This brings the nine-month loss to 84.4m pesos compared with a profit of 154.4m pesos

Mr Jaime Ongpin, the chairman, said that the descent into losses during the 1985 second and third quarters reflected lower gold prices and interest expenses which outweighed profitable results from Benguet's other mining operations.

Leo Gonzaga adds from Manila: This week, the company filed a suit at the Olongapo regional court in Zambales, north-west of Manila, seeking to compel the Ministry of Trade and Industry to give a general clearance for the export of copper concentrates by Benguet.

The Ministry had earlier ruled that exports should be approved on a case-by-case basis, depending on whether Benguet makes concentrates deliveries to the Philippine Associated Smelting and Refining Corporation, in which the state has a sizable holding.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE NOVEMBER 1 1985

	Redemption Yield	Change on Week	12 Months High	12 Months Low
US Dollar	10.629	−0.515	12.466	10.629
Canadian Dollar	11.628	−0.333	13.258	11.526
Euroguilder	6.162	0.052	7.879	6.131
Euro Currency Unit	9.390	0.930	10.566	9.189
Sterling	11.006	2.160	11.600	10.763
Deutschemark	7.208	1.226	7.860	6.854

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UK COMPANY NEWS

Burnett's survival deal imminent

BY FRANK KANE

THE LONG awaited restructuring negotiations between the banks and Burnett and Hallamshire are virtually complete, and a deal is in place which aims to secure the survival of the debt-laden coal and property group.

Mr Eric Grayson, the chairman, would only say yesterday: "Matters are progressing well, and we hope there will not be much more delay." It is understood, however, that lawyers and merchant bankers are putting the final touches to documents which will successfully conclude the highly protracted talks.

The deal will involve the conversion of debt to share equity, and details will be published in the first half of December, along with the much delayed results for the period to March 31, 1985.

The successful outcome to the negotiations, with Barclays as the main bank involved, will be a considerable relief to Burnett's shareholders, who have had dealings suspended since last July on the announcement that the group was in discussions with the vendors of PBS Coals Inc, the vehicle for its coal mining activities in Pennsylvania.

Last month Burnett announced that it had reached agreement on the Pennsylvania operations which involved the release from its obligations to pay minimum annual royalties of $7.5m a year for the next 20 years, and a modification of the lease under which it worked the US coal mines. This was widely taken as a pre-condition for a deal with the UK banks.

Shareholders, who had the annual meeting adjourned last month because the talks were not finalised, will have to approve the proposals, but a vote against will be unlikely. The deal will have the recommendation of the Burnett board, and it is generally believed that the only alternative is a request for receivership.

In the early 1980s, Burnett was one of the fastest growing companies in Britain, and was regarded as something of a stock market star. In the 1982-83 year profits came to £30m—a ten-fold increase in five years—and further growth was confidently expected.

The trouble began with the purchase of a 51 per cent stake in Rand London Corporation, which had large reserves in South Africa. Losses followed, however, though these problems largely seem to have been overcome.

This setback was followed by the drain on the company's reserves caused by high exposure to sliding Californian property values, and the group was again badly hit by the UK miners' strike.

By March 31, 1984, group borrowings included in the balance sheet, after subtracting £15.9m cash in hand, were £50m, representing 46 per cent of shareholders' funds. Actual borrowings were believed to be considerably higher because of off-balance sheet loans to finance joint ventures such as the Californian property ventures.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Dataserv	int.	0.6¶	Dec 20	0.6	—	1.75
Graig Shipping	int.	5	Dec 13	5	—	12.5
ICC Oil Services‡		Nil	—	0.02	Nil	0.02
Jessups		2.75	Jan 10	2	4	3
Keystone Invest		6	Dec 16	6	10	10
Meadow Farm‡	int.	2.4	Jan 3	1.9	—	6.4
Sbitob	int.	1	—	0.75	—	2

Dividends shown in pence per share except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. §Unquoted stock. ¶ US cents throughout.

Compsoft reduced to break-even midway

MUCH HIGHER operating expenses and set-up costs in Europe have eaten into the first-half profits of Compsoft Holdings, the computer software production group quoted on the USM.

In the six months ended September 30 1985, the group has just broken even, turning in a profit before tax of £2,000. In the comparable period it was £341,000, which rose to £761,000 by the end of that year.

Group sales advanced by 21 per cent to £1.15m and gross margin kept pace with a rise of 20.8 per cent, from £806,000 to £974,000. But the pre-tax balance is extremely disappointing, the directors state.

This is largely the result of the heavy investment in time and money—£152,000—in setting up companies in Spain, West Germany, Italy and France, and a branch in Switzerland; and an increase in operating expenses to £820,000 (£465,000), including the cost of completing the translation of Delta 4 into all the major European languages. All this expenditure has been written off as incurred.

Delta 4 is now being sold in France, Germany, Italy, Spain and Holland.

The directors say the current business plan allowed for substantial first-half expenditure in market research and development, and this has contributed to the lower margins. Following a complete review of the operation, they have introduced a rationalisation programme aimed at reducing these expenditure levels.

Sales in the UK were up by nearly 17 per cent to £880,000 and, while less than expected, the rise has to be viewed against the background of a depressed market. The UK remains so but the company will look for new business opportunities and new markets.

Turnover in Europe also increased by only 17 per cent, to £216,000, mainly because of an awareness by the market of the impending upgrade from Delta 1 to the newly translated versions of Delta 4. Other countries produced sales of £55,000, against £13,000.

New products to be launched include Delta-Net, a fully multi-user database, and new revisions of Delta-Graph and Domino are due to appear.

Tax for the half year is 50 per cent (£143,000), to leave the net profit at £1,0(?) (£198,000).

• comment

Rumblings around the City last month had warned of something nasty in the woodshed but Compsoft's figures were still worse than expected and the shares, not so long ago at a heady 143p, sank another 17p to 50. Compsoft's problem, as with any software packaging company, is that the size of its gross margins means that only a small shortfall in sales has a highly visible impact on profits. In fact Compsoft has been doubly hit, for a shortfall in growth in its UK and European markets has coincided with the setting up of an expensive network of back-up offices across Europe. Nor do the prospects for the second half look particularly bright: pent-up demand for the Delta 4 package may be released on the Continent but Compsoft's market there is small in relation to its British one and the company says the UK is still depressed. Looking further ahead, Compsoft is faced with the fact that Delta is essentially a mature product and it is going to take more than a further refinement of the package to restore the growth rates of the past. Software packaging companies have a habit of turning out to be one-hit wonders and Compsoft looks uncomfortably close to conforming to type.

Pleasurama sells hotel for £9.5m

By Charles Batchelor

Pleasurama, the hotels and casino group, is selling the 1??-room Runnymede Hotel in Egham, Surrey, to a UK-based family trust for £9.5m cash.

The Runnymede, a commercial hotel, made a pre-tax profit of £351,000 in the year ended December 1984 and had net assets at that date of £2.65m. Pleasurama has spent £2.5m on extending the hotel since last December.

Mr George Martin, managing director of Pleasurama, described the sale as "opportunistic" and said it did not reflect any change in Pleasurama's policy towards its hotel business.

Completion is due to take place on November 18.

US gold finds by ConsGold

BY KENNETH MARSTON, MINING EDITOR

MAJOR gold discoveries in the US were announced by Consolidated Gold Fields on the eve of today's annual meeting in London.

Further ore deposits have been outlined at the Mesquite development in California, which is expected to reach production by end-February—at a cost of $200 per ounce of gold—while a possible new mine has been found in Nevada.

Exploration has been carried out since April on the Chimney prospect at Humboldt County, Nevada, on claims covering 53 sq miles. Gold mineralisation of probable economic significance has been discovered in an area approximately 1,600 ft long and up to 800 ft wide.

Of 180 holes drilled, 88 have intersected a gently dipping and shallow mineralised zone. Assuming continuous mineralisation between the drillholes the area is estimated to hold 20m tons of ore, with an average grade of 0.09 ounces (2.8 grammes) gold per ton.

This includes 6m tons with a higher average gold grade of 0.18 oz. In addition, some of the holes drilled outside the area have also intersected mineralisation with a similar range of gold grades.

Preliminary tests have shown that the gold can be extracted by conventional processes with relatively high metal recoveries.

Detailed feasibility studies are due to be completed next year. It is thought that the deposit could be mined by simple open-pit methods.

Three new deposits have been found near the Mesquite development, which contain 15m tons with an average grade of 0.05 oz gold per ton, or 28m tons with a lower grade of 0.04 oz.

The new deposits are near enough to be economically processed by the facilities at the Mesquite mine and will significantly prolong its life. At present the mine contains the equivalent of some 50 tons of gold, giving a 10-year life at an annual gold production rate of 5 tons. A further 30 to 35 tons of gold may be contained in the new deposits.

World of Leather to join USM

By Richard Tomkins

World of Leather, Britain's biggest specialist retailer of leather upholstered furniture, is coming to the Unlisted Securities Market with a placing by brokers Simon & Coates of 2.3m shares at 128p a share. The company's market capitalisation at the placing price will be £10.2m.

World of Leather operates from a flagship store in London's Tottenham Court Road and from seven edge-of-town stores, three of them in London and the other four in Birmingham, Leeds, Reading and Manchester.

Its range includes more than 100 styles of leather upholstered furniture, most of which are imported from other EEC countries. Prices of three-piece suites are mainly in the £1,000 to £6,000 range.

The company was started in 1974 by the brothers Ramon and Michael Benardout who opened a shop in Epsom, Surrey, to serve what they saw as a poorly represented sector of the furniture market. They later decided to switch to a strategy of concentrating on large edge-of-town outlets and opened the first World of Leather superstore on London's North Circular Road in 1980.

Turnover in the year to December 1984 was £5.9m against £2.8m and pre-tax profits were £522,000 against £280,000. The company forecasts profits of £1.1m for the current year, putting the shares on a prospective p/e ratio of 17.1 after a 43 per cent tax charge.

Mr Dan Bunting of brokers Scrimgeour Vickers commented: "It looks quite good. It compares favourably with Harris Queensway on a prospective p/e of 17, and if you tried to compare it with Underwoods on a prospective p/e of 39.8, it would look astonishingly cheap."

Mr Bunting pointed to two areas of possible concern: first, that the company's products carried higher price tags than almost anything else on the retail market apart from motor cars and would therefore be vulnerable to recession, and second, that it would inevitably attract imitators.

"But leather upholstery has been going in Continental Europe for some years now and the trading pattern has been durable; and the company has got a five-year start on anyone else who comes into the field."

The placing will raise £2.9m of which about £500,000 net will be new money for the company, and the rest, after expenses, for the directors and their families. It will leave 29 per cent of the enlarged share capital outside the company.

ICC Oil down 74% to £0.3m and no dividend

ICC Oil Services, the USM quoted industrial, building and engineering group, suffered a 74 per cent decline in pre-tax profits from £1.06m to £276,000 in the year ended March 31, 1985.

There is no dividend, against 0.02p net last year, but the directors say they intend to resume payments as soon as possible. Stated earnings per 10p share tumbled from 1.57p to 0.83p.

The directors say the year 1984-85 and the first half of the current 12 months has been a period of consolidation and reorganisation with the termination and/or sale of certain unprofitable business.

The company has completed the major part of a fundamental rationalisation of the key businesses, which have been reorganised into three divisions.

This action has been taken following the two substantial acquisitions completed in 1983-84, together with a further five acquisitions completed in the year under review.

Interim results include extraordinary charges of £1.23m (£0.38m) incurred in respect of the group reorganisation and closure costs of discontinued activities.

Jenkins & Davies commenced work on the contract for disinvesting the Milford Haven refinery on October 1 1984. The contract work was suspended in November 1984 following a dispute between the then joint venture partners in connection with the purchase and re-erection of the refinery in Ajman in the UAE. In March 1985, a new company was formed, Ajman Refinery Co (ARCOL), which took over the rights to the project and modified it to include refurbishment in the UK before shipment to Ajman.

A preliminary report has now been completed by the project engineers detailing the capital and manning costs of the Ajman Refinery. Jenkins & Davies has received assurances from ARCOL, in which the Ajman Government is a shareholder, that the relevant project funding will be in place shortly and that the project will restart in January 1986.

Jenkins & Davies has already completed a number of contracts successfully on the site, has a contract for £6m for the disinvestment work and has been assured by ARCOL that it will be awarded the substantial contract for the refurbishment work.

The company's auditors have, however, advised that unless a significant payment on account of agreed sums is received prior to their signing their audit report, then they propose to refer to their being unable at this time to satisfy themselves as to the recoverability of work-in-progress and debtors amounting in total to £2.16m included in the group accounts. This amount relates a number of contracts.

The directors consider that all the available evidence supports their view that the Ajman refinery project is likely to proceed as planned and that Jenkins & Davies should benefit substantially.

As a result of the current working capital outlay stemming principally from the Milford Haven disinvestment contract, the company has obtained temporary support from its major shareholder, Pritchard Services Group, which has granted secured loan facilities totalling £1.85m.

While the assimilation of the acquisitions made in the past two years has proved more complex and time-consuming than originally anticipated, the directors believe the group will be able to take advantage of the potential of its businesses in the future.

The company's existing investment in these contracts has required the support of the major shareholder, and the directors say they are activity pursuing additional funding alternatives.

The board intends to appoint a new non-executive chairman on Mr Ron Smith's retirement and a new group managing director as soon as practicable.

Turnover for the year increased from £13.28m to £16.44m. Operating profits came out at £863,000 (£1.08m) after charging administration expenses of £2.25m (£2.16m). Pre-tax results were, after exceptional charges of £95,000 (£220,000), interest payable of £495,000 (£268,000) and £4,000 (£33,000) interest receivable.

Tax took £173,000 (£244,000) and with a £1,000 minority interest this time, the net balance emerged down from £817,000 to £448,000). Reflecting the extraordinary items, there was a retained loss of £781,000 (£427,000 profit). The group's financial statements have been drawn up in accordance with merger accounting principles.

• comment

In October 1984 when ICC began work on pulling down the Milford Haven refinery (the plan was for it to be refurbished and then reassembled in the United Arab Emirates) it must have all seemed very easy. After a delay of one year, however, the exercise is becoming costly. Pritchard Services, which owns 45.7 per cent of ICC, has pumped in £1.85m to plug the hole. The auditors are asking for £2.16m or the accounts will have to be qualified. But over at Milford there are only promises. Pritchard has lost over £5m on its stake—having sold companies to ICC for shares priced at over 30p in August 1983. Yesterday ICC closed down 3p at 10p. ICC is clearly struggling to hang on to the loyalty of its main shareholder and has agreed to board changes—half of the enlarged board will be new faces — but Pritchard has been schooled in the tougher end of the market place and is not known for its charitable approach. Ratings hardly matter anymore than forecasts given that the next few months must be critical. And those shareholders who haven't got out already must have discounted all the possible downside.

WA Holdings reduces losses

REDUCED LOSSES of £6,524 were incurred by WA Holdings, formerly Weeks Associates, in the 28 weeks to August 18, 1985, compared with £269,633 previously.

The loss was suffered by its continuing companies, which made a profit of £89,603 last time. Weeks Trailers, which suffered losses of £359,236 last time, is now in liquidation.

Mr W. A. Airey, chairman of this North Humberside-based company which distributes rubber and plastic products, and makes industrial and agricultural equipment, says that the engineering industry problems have held back progress in the first half, although longer term prospects are encouraging.

As usual there is no interim dividend. The group made a single 0.1p (0.4p) payment in 1984-85, following an improved second half when profits reached £99,633. For this half stated losses per 10p share are shown down from 2.6p to 0.1p.

Looking ahead, Mr Airey states that the company is actively pursuing further acquisitions as part of its expansion strategy, and says that longer term prospects are encouraging.

Mechanical handling has a much improved forward order load and activity level compared with the first half. Agricultural machinery continues to face intense competition, but is benefiting in sales from normal seasonal demand, he explains.

In addition, trading growth will be maintained in the distribution division, he says, because of the new in-house manufacturing operation and the contribution from the recently acquired petrochemical hose manufacturer, W. Greenwood.

Turnover fell from £5.77m to £4.09m over the period. Last time Weeks Trailers' sales amounted to £1.36m. The chairman blames competitive conditions for the 73 per cent profit decline and 18 per cent reduction in turnover in the engineering division.

The distribution division continued to make progress, however, with a 20 per cent profits increase on a 10 per cent rise in turnover, he adds.

There was again no tax charge. Minorities took £3,600 (£3,700), and there was an extraordinary debit of £1.06m last time, which was due to investment in Weeks Trailers.

Low tax helps Graig Ship

A substantially lower tax rate has enabled the Graig Shipping group to lifts its earnings from 17.24p to 21.01p per share in the half year ended September 30 1985. The interim dividend is again 5p net.

This Cardiff-based group is engaged in world-wide bulk cargo trade, oil and gas exploration and extraction, and has a portfolio of listed and unlisted investments.

Earnings are based on a net profit of £420,258, compared with £344,852. This year there has been a change to the accounting policy in respect of oil exploration expenditure in that this is now capitalised to reflect the increasing underlying value of onshore licences. The effect on 1984 would be to lift the net taxed profit by £109,621.

The reported net profit for the year ended March 31 1985 came to £805,000, and the final dividend was 7.5p.

First half turnover fell from £3.8m to £3.11m. Profit moved up to £1.02m (£816,652) but depreciation of ships was much higher at £348,597 (£190,800) and this time there is a charge for oil amortisation £88,343. This reduced the profit to £587,258 (£625,852), before deducting tax of £167,000 (£281,000)—a rate of 28.4 per cent (45 per cent).

Trading profit for the half year came to £473,430, against £511,531, while there was an oil exploration profit of £136,463 (loss £112,419) and a £60,185 contribution from related companies (nil).

Interest received and income from investments rose to £885,449 (£637,226) and interest paid and similar charges also showed a rise to £531,329 (£219,686).

ICH attracts £250m

The offer for sale of 14m shares in International City Holdings, the London money broker, attracted more than £250m of investors' money.

One minute after the deadline, the issue closed and the accepting bankers spent well into the evening counting applications. Early indications suggest that the offer, at 190p a share raising £26.6m, was at least 10 times oversubscribed and perhaps as much as 15 times.

ICH, which is better known in London as Charles Fulton, the money broker, was taken over by Mercantile House 3½ years ago when it ran into difficulties. The group was split up through a series of management buy-outs, but has since regrouped under the leadership of Mr Robin Packshaw, chairman, to come to the stock market with a value of 13½ times the price Mercantile House originally paid for the business.

One the price of 190p the historic p/e, based on £11.38m pre-tax and a tax charge of 16.8 per cent, comes out at 7.8. A notional 35 per cent tax rate lifts the multiple to 10. The forecast yield is 6.8 per cent.

Meadow

Meadow Farm Produce, the USM quoted supplier of meat to the catering and retail trade, increased first half taxable profits from a restated £617,000 to £1.05m. Turnover rose by £4.12m to £13.65m.

The interim dividend for the period to September 27 1985 is being lifted from 1.9p to 2.4p. Earnings per share were 1.5p higher at 10.8p.

The results incorporate Southern Catering Meats under merger accounting principles, and the results for 1984 have been restated to include David A. Holding (Catering Butchers).

Meadow's directors say that the company can look forward to another year of progress and gain.

Magnetic 2.6 times oversubscribed

The offer for sale of 4.98m shares in Magnetic Materials Group was 2.6 times oversubscribed. Excluding irregular and multiple applications, a total of 3,776 forms was received for 18.03m shares including 26 applications from employees for 12,300.

Preferential applications from employees have been accepted in full. Others will be dealt with as follows: those for 200 to 800 shares will go into a weighted ballot for 200 shares and applications for 1,000 and over will receive approximately 27.5 per cent.

LADBROKE INDEX
1,078-1,082 (+10)
Based on FT Index
Tel: 01-427 4411

UK COMPANY NEWS

Beazer in £9m offer for private contractor

By David Goodhart

C. H. Beazer, the fast growing Bath-based national housebuilder, yesterday announced its first significant acquisition in the contract building business with an all-paper recommended offer for G. E. Wallis, the private contractor.

The offer of new Beazer loan stock values each Wallis share at 385p and the whole share capital at £8.6m.

The 125 year-old building company which specialises in refurbishment in London, the South-East and South Wales made a profit of £407,000 on turnover of £47.6m in the year ended March 31 1985. It had planned to go public this year, but Mr Roy Stevens, the Wallis chairman, said the dip in profits from £799,000 in 1984 ruled that out.

There are only about 100 shareholders in the company and acceptance of the Beazer offer has been confirmed from the directors representing about 25 per cent of the company. The Wallis family's stake of about 30 per cent and a further 45 per cent holding belonging to current and past staff is expected to follow suit.

Wallis has clearly suffered recently from the increasing competition in the contracting market, but Mr Brian Beazer, the chairman of Beazer stressed yesterday that Wallis would complement his current contracting business which is based in the Midlands and the south-west.

Mr Brian Beazer and two directors of Beazer, Mr Hugh Rees and Mr Gordon Marvin will be joining the Wallis board.

Net assets of Wallis are about £7.8m it has 800 employees.

Northern Foods £15m biscuit deal with Adams

Northern Foods has bought the biscuit and cake manufacturing assets of Adams Foods for about £15m in a move which will take it for the first time into the mainstream of the biscuit market.

Northern, a Hull-based food company, is paying £11m cash for the fixed assets of Adams Foods and a further cash consideration for the stocks.

Its present biscuit company, Fox's Biscuits, concentrates on the top end of the market. "We wanted to move into the very steady mass market for biscuits," said Mr Chris Haskins the deputy chairman. He added that the asset deal would be highly tax effective, qualifying for nearly £2m of relief.

Adams Foods, is the wholly-owned UK subsidiary of the Irish Dairy Board with two factories at Uttoxeter in Staffordshire and Gadbrook in Cheshire. In the year to December 1984 the company had biscuit and cake sales of £27m and pre-tax profits of £1.16m. The forecast for this year however is closer to £1.5m.

Adams acquired its biscuit interests in 1973 and 1976. The Elkes brand, the Adams brand and private label, accounts for about £20m of turnover, £4m goes for export and £3m in cakes.

The Irish Dairy Board said the deal will add about 15 per cent to its net worth.

Northern Foods, which in the year to March 31 1985 made pre-tax profits of £55.4m on turnover of £1.27bn, is expected to leave the company's production management as it is and continue to run Adams as a separate company.

Mr Brian Joyce, managing director of the Dairy Board, said that the board would not be reducing in any way its dairy product selling operation in the UK.

Northern shares closed unchanged at 280p.

David Dixon stake sold

Establishment Plambuit, based in Lichtenstein, has sold its 28.9 per cent stake in the ordinary shares of David Dixon Group, the Leeds-based hosiery and underwear company, and a 20 per cent holding has been acquired by A & J Gelfer, a Glasgow-based textile manufacturer.

Dixon shares closed 13p higher at 215p.

Establishment Plambuit had acquired its stake two years ago. A further 4.62 per cent was held by discretionary clients of Aegean Investments and Management Services, which is linked with Establishment Plambuit—that stake has also been sold.

Apart from the Gelfer purchase, the company's broker, Earnshaw Haes, has placed a further 13 per cent with various institutional and private clients.

Sun Insurance Office has sold 35,000 shares, reducing its holding to 105,000 (5.78 per cent).

S & P in £22m venture

BY WILLIAM DAWKINS

Save & Prosper, the UK unit trust group, has joined forces with Integra Investment Management of California to launch a $31.5m (£22m) venture capital fund.

Sicova Capital, incorporated in Jersey, will invest in small US high technology companies, usually in partnership with other venture capital groups. It is issuing up to 30,000 shares at $1,050 each. Integra will provide investment advice, while Save & Prosper will deal with management and administration.

Mr Ken Emery, Save & Prosper's marketing and development manager, said yesterday that the US high technology sector still looked attractive, even though share prices remained depressed.

"We are looking at annual growth rates of 20 per cent rather than 40-50 per cent. But that is still an attractive investment and the recovery potential is greater than it has been for some time," he said.

Integra was formed last May under the chairmanship of Mr Harrison Johnston, who retired in 1984 as chairman of Telco Systems, a US telecommunications equipment maker with annual sales of $100m

The minimum investment in Sicova is $100,000 and the fund will be wound up after nine years. Subscriptions are open from tomorrow until December 13.

James Neill

James Neill Holdings, the hand tool manufacturer which is bidding £13.2m for Spear & Jackson, has begun market purchases of Spear's shares to boost the low level of acceptances to its offer by Tuesday's first closing date.

Neill yesterday announced total purchases of 150,000 Spear shares, all at 234p, over the past three days. Acceptances to its three-for-two share swap amounted to only 71,648 shares or 1.27 per cent of Spear's equity.

Purchases and acceptances together amount to 3.94 per cent of Spear's shares. Neill has extended its offer to November 19.

Schroder Financial steady growth

AN OVERALL steady growth in new business from the life company together with buoyant unit trust sales were achieved by Schroder Financial Management, a member of Schroder Group, over the year to October 31, 1985.

The life company reports new annual premiums up by 15 per cent from £15.96m to £17.23m. However, a 45 per cent growth in pensions business from £9.79m to £14.15m, reflecting the pre-Budget boost on tax fears, was cut back by a 40 per cent decline to £3.08m in life business.

Single premium sales rose 8 per cent to £44.94m. Again strong growth in pension sales, up 30 per cent to £10.89m, was held back by sluggish life bond sales which advanced just 3 per cent to £34.05m.

Unit trust sales were 50 per cent higher at £185m, reflecting the buoyant state of the unit trust market.

Equity and Law

The offer today from Equity and Law International Funds—an offshore subsidiary of leading life group Equity and Law Life Assurance Society, represents the company's expansion into the offshore unit trust and currency fields.

In order to offer the variety of funds to UK residents, the company has to adopt the procedure of offering participating Redeemable Preference Shares of 1p each for subscription and application has been made to the Stock Exchange for a quotation.

The funds are open-ended and operate as unit trusts. There are switching facilities at a fee.

Offshore funds are designed primarily for expatriates.

STOCK EXCHANGE BUSINESS IN OCTOBER

Equity turnover rises 29.6% to record £10.53bn.

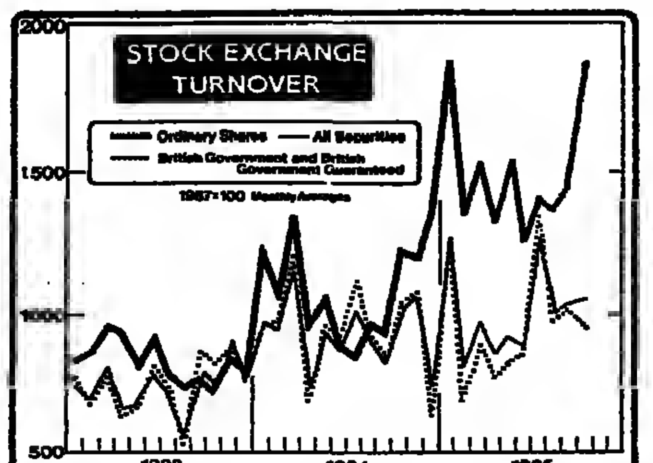
BY GRAHAM DELLER

A MARKED escalation takeover activity, including that largest ever bid for a UK company, boosted equity turnover to record levels during October.

Business in Ordinary shares on the London Stock Exchange last month rose £2.41bn, or almost 30 per cent, to an all-time high of £10.53bn. The number of bargains transacted in equity stocks showed a commensurate improvement, rising 104,225 to 508,366, while the average value per equity bargain was £600 higher at £20,700. The Financial Times turnover index for Ordinary shares was 1,578.5 compared with September's measure of 1,449.0 and the previous record of 1,864.0 established last January.

The bid for Allied-Lyons, the UK's second-largest brewer, from Australia's IXL was well sign-posted and the terms, which value the former at around £1.8bn, were generally regarded as unlikely to succeed. Nevertheless, active trading ensued in Allied and other concerns seen as possible takeover targets, notably Distillers and Lucas Industries. Excitement on this front was also provided by Guinness Peat which launched a hostile bid for Britannia Arrow, while BET made a counter-offer for SGB.

Building descriptions were particularly good early in October amid hopes that the Government was set to increase spending on the UK's infrastructure, while consumer issues also made substantial progress on consideration of buoyant retail sales volume—reflected later during the month by excellent trading statements from British Homes Stores and Marks and Spencer.



The Financial Times Ordinary share index often broke into uncharted territory and finished the month a net 69.7 higher at a then all-time high of 1,069.1.

British Government securities were generally overshadowed by equities. Business in Gilts declined £1.32bn, or 5.6 per cent, to £22.36bn. The Financial Times turnover index for Government Securities fell to 946.2 from September's measure of 1,002.3. The fall was attributable to a reduced turnover in shorts which dropped £1.87bn, or 15.7 per cent, to £10.02bn. Trade in longer-dated maturities and irredeemables, on the other band, improved £0.49bn, or 4.1 per cent, to £12.34bn reflecting sizeable switching out of shorts as the Chancellor reiterated his intention to defend sterling.

The FT Government Securities index attained a high for the month of 84.57 on the 15th helped by the Chancellor's forecast that inflation should fall to below 4 per cent by mid-1986. However, a worldwide weakness in bond markets which stemmed from fear that other G5 nations may follow Japan's example and raise interest rates, coupled with a bearish report from the CBI stating that business confidence in the UK showed signs of faltering saw Gilt values decline steadily and the index closed October at 83.98—only 0.07 better on the month.

Overall turnover in October improved £1.11bn, or 3.29 per cent, to £34.81bn. The Financial Times turnover index for all securities rose to 1,066.8 from September's 1,032.8.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Amber Industrial, British-Borneo Petroleum Syndicate, British Investment Trust, Buckley's Brewery, CASE, Caledonia Investments, Cater Allen, Craig and Rose, Feb International, Fleming Far Eastern Investment Trust, Framlington Overseas Income and Growth Fund, Grampian Television, Hambros Investment Trust, King and Shaxson, Meadow Farm Produce, Normans, Renold, Warnford Investments, Yorklyde.

Finals: Tyzack Turner, Wemyss Investment Trust.

FUTURE DATES

Interims:

Alphameric	Nov 26
London Trust	Nov 13
Ovenstone Investments	Nov 8
Scapa	Dec 5
Smallshaw (R.) (Knitwear)	Nov 15
Tesco	Nov 13
Whittington Engineering	Nov 26

Finals:

Bass	Dec 5
Black Arrow	Nov 15
Cronite	Nov 28
Manchester Ship Canal	Feb 10
New Cavendish Estates	Nov 8

Public Works Loan Board rates

Effective November 6 1985

Years	Quota loans repaid by EIP†	Quota loans A‡	Quota loans at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* A‡	Non-quota loans A* at maturity§
1	—	—	11	—	—	11¾
Over 1, up to 2	11	11	10⅞	12	12	11⅞
Over 2, up to 3	10⅞	10⅞	10¾	11⅞	11⅞	11¾
Over 3, up to 4	10¾	10¾	10⅝	11¾	11¾	11⅝
Over 4, up to 5	10¾	10¾	10⅝	11¾	11¾	11⅝
Over 5, up to 6	10¾	10¾	10⅝	11¾	11¾	11⅝
Over 6, up to 7	10¾	10⅝	10⅝	11¾	11⅝	11⅝
Over 7, up to 8	10¾	10⅝	10⅝	11⅝	11⅝	11⅝
Over 8, up to 9	10⅝	10⅝	10½	11⅝	11⅝	11½
Over 9, up to 10	10⅝	10⅝	10½	11½	11⅝	11⅜
Over 10, up to 15	10⅝	10⅝	10½	11⅝	11⅝	11
Over 15, up to 25	10⅝	10½	10⅜	11½	11	10⅞
Over 25	10½	10⅞	10⅜	11	10⅞	10⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Hawker Canada down at C$21.6m

Hawker Siddeley Canada, a subsidiary of the UK electrical and mechanical engineer, achieved lower pre-tax income of C$21.58m, against C$24.9m, for the nine months to end-September 1985.

Railway manufacturing units continued to face a depressed business environment although railcar leasing performed well despite few opportunities for the introduction of new cars for leasing.

Although tooling costs associated with the introduction of new orders limited profitability, manufacture of a variety of new aero-engine components and establishment of new engine repair and overhaul at Orenda has been "very active and a recent award will add to this trend."

Dosco Overseas has reached more normal trading patterns following the end of the coal strike in the UK.

Total sales for the nine months were up from $289.38m to $292.28m (£148.48m). Earnings per common share were 117 cents (158 cents). Last year's profits included a $1.1m one-off tax benefit.

Keystone assets up

At September 30 net asset value per share of Keystone Investment Co rose to 473p from 428p at the end of October 1984. The company announced at the time of its interim results that it was changing the date of its year end.

Earnings per share for the 11 months fell to 10.64p from 11.63p last year. The company is paying a final dividend of 6p, making a total of 10p for the year, the same as previously.

Net income amounted to £764,270, down from £833,947.

Growth of computer maintenance boosts Dataserv midway

THE BENEFITS of its heavy investment in the US computer maintenance business helped Dataserv Inc achieve almost trebled pre-tax earnings in the first half of 1985.

Mr James Carr, chairman of this US-based computer leasing and maintenance company, which has a UK listing, said that the improvement was significantly higher than internal projections and that all divisions had been successful.

On turnover up by 18.5 per cent from $51.82m (£36.12m) to $61.41m, taxable earnings rose to $1.65m ($567,000). From earnings per 5c share of 4.08c (1.38c), the company is paying an unchanged interim dividend of 0.6c. Last year the total payment was 1.75c from pre-tax earnings of $3.45m.

Negotiations are at an advanced stage with a US insurance company to issue $5m of preferred stock. The proceeds will be used to reduce borrowings.

Mr Carr says the US maintenance operations exceeded all expectations both in profitability and in ability to win new multi-million dollar contracts.

The parts supply divisions continued to expand with revenues for the nine months to September 30, 1985 at $5.5m, exceeding the total of $2.3m for the whole of the previous year. The growth rate may slow in the past three months because of concern over a major customer, however the potential is said to be outstanding.

Mr Carr expects both maintenance and parts supply to contribute an increasing proportion of profits.

In the equipment operations there were strong performances from the US and West German markets with the UK and Netherlands being satisfactory.

Jessups advances 21%

DESPITE acute pressure on margins, the GM and Ford main motor dealer Jessups lifted its profit before tax by 21 per cent in the year ended August 31 1985. Shareholders receive a 1p increase in their dividend to 4p net, the final being 2.75p.

Mr Alan Jessup, the chairman, says the activities as main dealer, together with leasing and contract hire, all showed satisfactory performance.

Group turnover rose 10 per cent from £49.95m to £54.84m. Operating profit was up from £2.19m to £2.76m and the pre-tax balance from £1.13m to £1.37m.

The chairman says further progress is anticipated.

Interest charges were higher, with vehicle leasing accounting for £937,000 (£716,000) and general funding for £448,000 (£342,000).

After tax of £261,000 (£56,000) earnings come out to 13.25p (12.89p) per share. The low tax charge is a result of the benefit of capital allowances available on the lease fleet.

Mr Stanley Thompson, a senior management man, has been appointed to the board; he will continue with his prime responsibility for vehicle leasing. Mr Sidney Hutton will be retiring from the board on January 10.

Helene of London expects to top £1.6m

THE directors of Helene of London, the leisurewear manufacturer, are forecasting pre-tax profits in excess of £1.6m for the year ended December 31 1985, compared with £1.4m in the previous 12 months.

The forecast is contained in a circular being posted to shareholders giving details of the proposed acquisition of Peter Barron (Models) which was announced in September. The directors point out that the projected profit figure includes approximately one month's contribution from Barron.

They say they look to the future with confidence and anticipate continuing growth in sales and profits.

Last month, Helene reported first-half 1985 pre-tax profits up from £381,543 to £623,550, on turnover of £10.25m, against £8.56m for the corresponding period of 1984. Sales for the whole of last year totalled £22m.

Consideration for Peter Barron is 3m ordinary 10p shares in Helene and an additional cash sum will be payable if Barron's profits for the five years ending December 31 1990 exceed certain levels.

Net tangible assets of Barron were £661,000 at June 30 1985 and pre-tax profits for the year to that date came to £203,000.

Yearlings at £4.5m

Yearling bonds totalling £4.5m at 11⅛ per cent, redeemable on November 12 1986, have been issued by the following local authorities: Lancaster City Council £0.25m; Metropolitan Police District (The Receiver for the) £0.5m; Darlington Borough Council £1m; Newport BC £0.5m; Ogwr BC £0.5m; Sheffield (City of) £1.75m.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8BP — Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord. ...	131	—	8.6	5.0	7.3	8.7
151	135	Ass. Brit. Ind. CULS...	137	—	10.0	7.3	—	—
77	43	Airsprung Group ...	59	—	6.4	10.8	8.8	12.8
46	26	Armitage and Rhodes...	45	—	4.3	9.6	5.0	6.7
165	108	Bardon Hill ...	165	—	4.0	2.4	20.9	21.7
64	42	Bray Technologies ...	54	—	3.9	7.2	6.6	7.8
201	150	CCL Ordinary ...	150	−1	12.0	8.0	3.7	3.5
152	103	CCL 11pc Conv. Pf. ...	103	—	15.7	15.2	—	—
130	10	Carborundum Ord ...	125xd	—	4.9	3.9	6.2	9.7
93	83	Carborundum 7.5pc Pf.	93	—	10.7	11.5	—	—
73	46	Deborah Services ...	55	−1	7.0	12.7	5.7	7.5
32	21	Frederick Parker ...	21	—	—	—	—	—
83	33	George Blair ...	77	—	—	—	3.1	5.7
50	20	Ind. Precision Castings	45xd	—	3.0	6.6	11.9	9.9
218	177	Isis Group ...	185	—	15.0	8.1	14.2	21.3
124	101	Jackson Group ...	106xd	—	5.5	5.2	7.1	7.1
285	213	James Burrough ...	268	—	15.0	5.6	8.5	8.5
95	83	James Burrough 8pcPf.	95	—	12.9	13.6	—	—
95	71	John Howard and Co...	76xd	−1	5.0	6.6	6.0	9.5
225	100	Linguaphone Ord. ...	180s	—	—	—	6.6	6.9
100	90	Linguaphone 10.5pc Pf.	90s	—	15.0	16.7	—	—
650	300	Minihouse Holding NV	570	—	8.9	1.2	24.5	23.7
120	31	Robert Jenkins ...	78	—	—	—	9.9	21.7
80	28	Scrattons "A" ...	31	—	—	—	—	7.5
92	61	Torday and Carlisle ...	68	—	5.0	7.4	3.6	6.2
444	320	Travian Holdings ...	325	—	4.3	1.3	18.5	18.2
36	17	Unilock Holdings ...	36	−1	2.1	5.8	9.8	9.8
117	81	Walter Alexander ...	117	+2	8.6	7.4	8.6	8.1
247	195	W. S. Yeates ...	200	—	17.4	8.7	5.7	8.8

s = suspended.

Prices and details of services now available on Prestel, page 48146

NOTICE OF PUBLIC SALE OF COLLATERAL PURSUANT TO SECTION 9-504 OF THE UNIFORM COMMERCIAL CODE

(the "Sale")

Please take notice that The First National Bank of Chicago, as agent for The First National Bank of Chicago, European American Bank & Trust Company, The First National Bank of St. Paul, Commerce Union Bank, Third National Bank in Nashville and Chase Manhattan Bank, N.A. (The First National Bank of Chicago, as agent, being referred to as "Secured Party"), pursuant to (i) Section 9-504 of the Illinois Uniform Commercial Code, (ii) the terms of the applicable security documents executed by (A) Ingram International, Ltd. ("IIL"), a Cayman Islands corporation having an office at Aigue Marine, 24 Avenue De Fontvieille, MC 98000 Monaco and (B) Ingram Worldwide Investments, Ltd. ("IWIL"), a Cayman Islands corporation having an office at Aigue Marine, 24 Avenue De Fontvieille, MC 98000 Monaco, will sell the property owned by IIL and IWIL (collectively, the "Companies") and described below (the "Collateral") at a public sale to be held on Friday, November 15, 1985 at 2.00 p.m. at Suite 3950, 55 East Monroe Street, Chicago, Illinois 60603.

The Collateral consists of the following property:

(a) 3 shares of the capital stock of IWIL, constituting all of the outstanding and issued capital stock of IWIL; and

(b) 1,750,000 shares of the capital stock of Worldwide Ingram Investments, N.V., a Netherlands Antilles corporation ("WII"), constituting all of the outstanding and issued capital stock of WII.

Secured Party reserves the right to bid at the Sale by bidding in all or a portion of the indebtedness owing by the Companies to Secured Party.

The Sale will be subject to certain specific terms. Information concerning such terms may be obtained from Jeffrey Holway or Paul Widach at The First National Bank of Chicago, 312-732-4000.

Redemption Notice

A/S Eksportfinans

(Forretningsbankenes Finansierings — OG Eksportkredittinstitutt)

("The Company") U.S. $50,000,000 11¼% Notes due 1987

("The Notes")

NOTICE IS HEREBY GIVEN, in accordance with Condition 5(b) of the Notes and pursuant to the provisions of the Trust Deed dated 9th January, 1980, made between the Company and the Law Debenture Corporation P.L.C. under which the Notes were issued, that A/S Eksportfinans has elected to redeem on 9th December, 1985 all Notes outstanding at 100 per cent. of their principal amount, together with accrued interest to the date fixed for redemption. On or after 9th December, 1985 payment of the redemption price of the Notes together with accrued interest will be made either by transfer to a dollar account maintained by the payee with, or by a dollar cheque drawn on, a bank in New York City, subject in each case to any fiscal or other laws or regulations applicable thereto, upon presentation and surrender of the Notes, together with all coupons appertaining thereto maturing after 9th December, 1985 (failing which the face value of the missing unmatured coupons will be deducted from the principal amount due for payment), at the Municipal Processing Agency Window, 5th Floor, Citibank, N.A., 111 Wall Street, New York, N.Y. 10043, or at the several offices of Citibank, N.A. in each of London, Zurich, Brussels, Paris, Frankfurt or Luxembourg, or Bergen Bank A/S, Bergen, in each case at the address specified on the reverse of the Note. On and after the date fixed for redemption interest on the Notes will cease to accrue.

For A/S Eksportfinans
Citibank, N.A.
as Principal Paying Agent

1st November, 1985

Akzo nv Arnhem Holland

The Board of Management and Supervisory Council of Akzo N.V. decided to distribute for the fiscal year 1985 an interim dividend of NLG 1,50 per ordinary share of NLG 20,-.

As from 19 November, 1985 the above dividend of NLG 1,50 per ordinary share will be payable against surrender of coupon no. 24 at:

Barclays Bank PLC
Securities Services Department
54 Lombard Street
London EC3P 3AH
and
Midland Bank PLC
International Division
Securities Services Department
110-114 Cannon Street
London EC4N 6AA

U.K. Residents

Dividends so payable for U.K. residents will be paid less 15% withholding tax and U.K. income tax will be deducted from the gross dividend.

Residents of other countries

For residents of countries other than the United Kingdom with which the Netherlands has a Double Taxation Agreement, the rate of withholding tax (if any) will be adjusted upon provision by the presenting authorised depository of the completed necessary documents (Form 92, etc.).

Where no such form is submitted withholding tax at the rate of 25% will be deducted. United Kingdom tax at the standard rate will be deducted unless claims are accompanied by the appropriate affidavit forms.

Information concerning any of the abovementioned documents may be obtained from Barclays Bank PLC and Midland Bank PLC.

Arnhem, 6 November, 1985

Akzo

NOTICE OF REDEMPTION

to the holders of

Transco International N.V.

16¼% Guaranteed Debentures due 1988

Notice is hereby given pursuant to Section 1004 of the Indenture dated as of December 1, 1981 between Transco International N.V. and Transco Companies, Inc., as Guarantor, and Manufacturers Hanover Trust Company, as Trustee, that all of the outstanding 16¼% Guaranteed Debentures Due 1988 of Transco International N.V. ("Debentures") have been called for redemption on December 1, 1985 (the "Redemption Date") at 101.5% of the principal amount thereof ("Redemption Price") plus accrued interest to the Redemption Date.

Payment of the Redemption Price plus accrued interest to the Redemption Date will be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Payment will be made by a check drawn on Manufacturers Hanover Trust Company in New York City or by a transfer to a dollar account maintained by the payee with a bank in New York City.

The Redemption Price of $1,015 per $1,000 Debenture, shall become due and payable upon surrender of the Debenture (a) at the Corporate Trust Office of Manufacturers Hanover Trust Company, either at 130 John Street, Street Level, New York, New York, if by hand or to Coupon Paying Department, P.O. Box 2862, G.P.O. Station, New York, New York 10116, if by mail or (b) subject to any laws or regulations applicable thereto in the country of any of the following offices, at the main offices of Manufacturers Hanover Trust Company in London and Zurich, of Manufacturers Hanover Bank Belgium S.A. in Brussels, and of Manufacturers Hanover Bank Luxembourg S.A. in Luxembourg.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due December 1, 1985, should be detached and collected in the usual manner. From and after December 1, 1985, interest shall cease to accrue on the Debentures.

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

Transco International N.V.
By: Manufacturers Hanover Trust Company,
Trustee

Dated, October 31, 1985

CONTRACTS

£18m. Iraqi water project

AB ELECTRO-INVEST, Stockholm, a member of the ASEA Group, has received two orders for the engineering and supply of machinery and electrical equipment for the water supply systems in the Iraqi cities of Hilla and Mosul. The total value of the orders is SKr 200m (£18m). The contracts cover the supply of waterworks, pumping stations and water towers. The projects are scheduled for completion in August 1988. The contracts follow the recent successful completion of a similar project in the city of Dohuk, in northern Iraq.

*

A Contract to supply two Argus 700 multiprocessors systems with 70 FT81 alpha numeric displays and 30 VARS-G high resolution raster graphics display terminals, forming the basis of two air traffic service simulators for the Australian Department of Aviation (DoA), has been won by FERRANTI COMPUTER SYSTEMS, Wythenshawe division. The two simulators are being supplied by Ferranti Computer Systems Cwmbran department in a contract worth over £4m and will be installed at the DoA Central Training College, Canberra, and Melbourne Airport, to provide training for Australian air traffic service officers. The FT81 VDUs will incorporate touch sensitive screens in place of conventional keyboards making them faster and easier to use. The Canberra simulator will utilise VARS-G to present simulated radar information and graphical data.

Ferranti Infrographics has secured an order valued at £571,000 to supply Thorn EMI Lighting with CAM-X CAD/CAM systems. The hardware includes 15 Ferranti Series 90 workstations, six of which are fitted with MicroVAX 1 processors for local intelligence, and three A-0 size penplotters. The workstations are connected into central VAX processors.

*

McCORMACK & DODGE has signed one of its biggest contracts with the Computer Science Corporation, a US consultancy. CSC, acting on behalf of the Saudi Arabian General Petroleum & Mineral Organisation (Petromin) project, has licensed M&D software products worth more than £2m. A major responsibility of Computer Science Corporation within the project is to convert the software from English to Arabic. Both English and Arabic will be used in the resulting software environment simultaneously. The software will be used to create a completely new financial management system. The products involved comprise McCormack & Dodge's Millennium product range of on-line, integrated financial software. Petromin will also be using Millennium systems development tool for designing its own applications.

*

Wallace Arnold is to purchase 26 vehicles worth £1.5m to be delivered in time for the summer 1986 season. Based on Volvo B10M chassis, the vehicles will have Plaxton High Line bodies and a luxury touring coach specification. The deal has been arranged through KIRBY—BUS AND COACH who will buy-in 24 part-exchange vehicles.

*

CILEA, a Milan-based consortium which supports several Italian universities, has ordered a $2.4m (£1.7m) integrated scientific processor (ISP) from SPERRY. The ISP is a supercomputer system capable of supporting high speed vector and scalar computing. Introduced in April this year, the ISP has a peak performance of 133 Mflops (millions of floating point operations per second) and has a sustainable speed in double precision programs in the 20 to 30 Mflops range. The ISP is fully integrated into its host computer, the Sperry 1100/90 mainframe. A basic ISP system is composed of an 1100/90 CPU with one input/output unit, the integrated scientific professor and a scientific processor storage unit.

*

MATTHEW HALL ORTECH has been awarded a contract worth £1.4m by the NCB western area, for work to be undertaken at its Point of Ayr Colliery. The project consists of the design, procurement and construction of a large coal dense medium separator plant, capable of processing 250 tph of −100 +0.5 mm of raw coal, plus the associated electrical and civil work. The LARCODEMS unit is claimed to be the first of its type ever to be incorporated into a full-scale operation. It has been developed, by NCB headquarters technical department, Bretby, primarily to be able to clean a complete size range in one dense medium separating unit where previously two have been required, and also to make separations at relative densities lower than possible by a conventional Baum jig.

*

DALESCRAFT FURNITURE has been awarded a £1m contract to manufacture a range of typists' tables for The Crown Suppliers, the Government's central purchasing agency. Dalescraft has also won a £175,000 order to manufacture and install special furniture for the new Nottingham Court House project.

*

The Burton Group has decided to concentrate its mainframe computer systems on one supplier—ICL. An order, worth more than £5m to ICL, is part of the Burton Group's continuing programme to improve efficiency and productivity. It features ICL's recently announced Series 39 Level 80 computers, running under the VME operating system and using CAFS (Content Addressable File Store), ICL's information search processor. The Level 80's will be used principally for merchandising and retail systems. The equipment will be installed in the Burton Group's northern computer centre in Leeds. This follows the decision to transfer all the systems, presently run at the Burton Group's southern computer centre in Hammersmith, London, based on Sperry equipment, to the Leeds site. The southern computer centre will then be closed.

*

COURTAULDS ACETATE of Spondon, Derby, has won a £5m order from Algeria for yarns for furnishing and up-market dress materials. The order will secure existing employment at the Derby plant and give a new lease of life to Courtaulds Deeside plant at Wrexham.

U.S. $250,000,000

CL

Crédit Lyonnais

Subordinated Floating Rate Notes
Due August 1997

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 7th November, 1985 to 7th February, 1986 the Notes will carry an Interest Rate of 8⅜% per annum. The interest amount payable on the relevant Interest Payment Date which will be 7th February, 1986 is U.S. $214.03 for each Note of U.S. $10,000.

Credit Suisse First Boston Limited
Reference Agent

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1984							
4th qtr.	103.4	101.2	105	112.7	164.0	3,103	153.9
1985							
1st qtr.	106.0	102.7	103	113.3	133.9	3,138	153.6
2nd qtr.	108.0	103.1	101	115.0	141.4	3,174	161.7
3rd qtr.				116.4	145.2	3,179	164.4
February	105.3	102.4	108	112.7	130.2	3,144	153.1
March	107.1	103.5	101	113.9	136.5	3,147	156.1
April	107.8	102.9	87	113.5	140.3	3,176	161.0
May	108.2	102.4	98	115.3	142.0	3,177	160.7
June	107.9	104.0	116	116.0	141.8	3,169	163.4
July	106.3	101.4	97	116.0	146.9	3,175	162.0
August	106.8	102.9		117.5	145.4	3,183	162.9
September				115.9	143.7	3,179	167.3
October						3,175	172.6

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
3rd qtr.	102.0	97.7	104.6	100.2	110.8	98.2	16.2
4th qtr.	102.5	98.3	106.1	99.7	107.3	99.4	13.3
1985							
1st qtr.	102.8	102.2	109.2	103.2	112.1	98.3	13.8
2nd qtr.	102.2	102.8	113.2	103.6	121.6	98.5	18.6
February	102.7	101.2	108.2	103.0	111.0	99.0	13.2
March	103.1	104.0	110.4	104.0	115.0	100.0	16.6
April	101.9	102.2	113.4	103.0	120.0	98.0	17.9
May	101.3	102.4	114.1	103.0	122.0	97.0	19.9
June	103.4	103.7	112.1	105.0	123.0	100.0	17.9
July	100.5	100.7	111.7	101.0	122.0	98.0	18.4
August	102.3	102.6	110.9	104.0	124.0	99.0	15.5
September							18.4

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
4th qtr.	119.7	129.1	−1,313	+424	+1,468	96.6	15.52
1985							
1st qtr.	120.5	128.5	−1,283	−335	+1,862	96.5	13.53
2nd qtr.	120.6	126.0	−222	+1,183	+2,368	98.2	14.32
3rd qtr.	115.0	123.1	−150	+250	+2,042	100.6	14.18
February	123.6	127.5	−241	−12	+675	96.2	15.35
March	119.6	136.8	−977	−704	+260	96.5	13.53
April	121.8	130.2	−259	+210	+687	97.3	14.03
May	121.7	121.0	+252	+721	+838	98.3	13.98
June	118.4	126.9	−216	+252	+843	99.1	14.32
July	116.9	122.6	−56	+344	+693	99.5	14.26
August	113.5	122.7	−194	+206	+667	101.3	14.26
September	114.5	124.1	−200	+200	+683	101.1	14.18
October							16.31

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1984							
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,946	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.50
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,064	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771	3,380	11.50
February	3.1	−5.0	4.6	13.3	474	1,013	14.00
March	−1.3	−1.2	9.2	16.0	214	965	13.50
April	5.4	22.2	18.8	19.5	507	1,061	12.63
May	4.2	33.2	18.4	17.7	615	1,042	12.63
June	5.7	44.6	25.1	20.2	401	961	12.50
July	4.4	19.1	8.3	16.8	650	1,129	11.50
August	2.4	22.9	14.4	21.8	524	1,126	11.50
September	1.1	5.2	12.4	14.2	597	1,125	11.50
October							11.50

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
1985							
1st qtr.	165.4	146.2	136.6	362.9	332.8	295.22	72.0
2nd qtr.	170.3	138.8	139.4	375.3	339.4	278.13	78.9
3rd qtr.		133.4	140.2	376.3	335.5	251.12	82.2
February	164.6	147.6	136.6	362.7	332.5	295.73	71.3
March	168.1	145.5	137.5	366.1	335.4	295.22	73.3
April	169.4	140.8	139.2	373.9	338.8	295.08	78.0
May	169.4	138.8	139.5	375.6	339.3	279.98	78.7
June	171.9	136.7	139.6	376.4	340.1	278.13	79.9
July	173.7	134.0	139.9	375.7	335.3	259.51	83.6
August	173.5	133.0	140.1	376.7	335.3	254.34	81.6
September		138.2	140.5	376.5	335.8	251.12	81.4
October						249.46	80.4

* Not seasonally adjusted.

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Henry Ansbacher	11½%	C. Hoare & Co	11½%
Amro Bank	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co Ltd	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co	12½%
BCCI	11½%	Meghraj & Sons Ltd	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd	11½%
Bank of Scotland	11½%	National Bk of Kuwait	11½%
Banque Belge Ltd	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd	12½%	Northern Bank Ltd	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd	12½%
Cayzer Ltd	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co Canada	11½%
Citibank NA	11½%	Standard Chartered	‖11½%
Citibank Savings	¶12½%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co Ltd	12 %	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteway Laidlaw	12 %
Continental Trust Ltd	11½%	Yorkshire Bank	11½%
Co-operative Bank	*11½%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd	12½%		
■ Robert Fleming & Co	11½%		
Robert Fraser & Ptrs	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 8.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

FIRST CHICAGO CORPORATION

US$200,000,000 Floating Rate Subordinated Capital Notes Due 1997

Notice of Rate of Interest

Notice is hereby given that the rate of interest on the Floating Rate Subordinated Capital Notes due 1997 (the "Notes") issued by First Chicago Corporation for the interest period commencing November 7, 1985 and ending on February 7, 1986 has been determined to be 8 5/16% per annum. The interest payment date for such interest period is February 7, 1986. The amount of interest payable in respect of each US$10,000 principal amount of Notes, for such interest period is US$ 212.43.

CHEMICAL BANK
As Agent Bank for
First Chicago Corporation.

BUSINESS LAW

The advantages of payment by results

By A. H. HERMANN, Legal Correspondent

RESOURCES can be allocated by privilege or through the operation of the market. The comparison of results obtained by a competitive society such as the US with those of Ethiopian feudalism makes it unnecessary to ask which is the more efficient. Indeed, taking a longer historical perspective, one can see privileges disappearing one by one. Even the Chinese Communists and the City of London are now contemplating the advantages of competition. Some groups, however, remain unshaken in their reliance on privilege: it is a national disaster that the legal profession is one of them.

The strength of its belief in privilege, particularly that of the Bar, has been recently demonstrated by the disproportionate excitement caused by the Lord Chancellor's support for a minor reform which would allow solicitors to appear in the High Court in formal and unopposed proceedings—for example, reading out a six-line agreed statement terminating a libel suit.

Mr Robert Alexander QC, the chairman of the Bar, sprang to the defence of the inalienable rights of barristers in the letter columns of the Times*. He made the fatal error of comparing the work of a barrister with that of a plumber, implying that the barrister's was the more valuable. The gods blind first whom they wish to destroy. Mr Alexander is now being torn to pieces by Times readers whose resources have been drained far more severely by their lawyers.

Perhaps one ought to leave the gods out of this dispute and say merely that the Bar, as well as many solicitors, is blinded by the good income secured by privilege and by the obscurity and uncertainty of English law.

The public hears about the enormous cost of criminal trials—like that of the alleged Cyprus spies—but average fees at the criminal Bar are far lower than those of lawyers engaged in civil litigation. The 2,000 to 3,000 barristers specialising in criminal work in England and Wales receive some £40m from the legal aid system every year. This averages around £20,000 per head a year.

The spread within the profession is not too great. The gross income of the upper octile of London barristers, within 10 to 15 years of call, averages £45,360, compared with £17,370 earned on average by the lower octile of provincial barristers of five to nine years' experience.†

Deducting expenses, one arrives at substantially lower net income figures, which compare unfavourably with the salary scale for senior legal assistants in government service. The Bar claims that to achieve parity with lawyers in the Civil Service, the fees for criminal work should be 30 to 40 per cent higher, adding approximately £12.5m to the cost of legal aid. It may well be that the exorbitant costs of criminal trials do not reflect high fees of barristers so much as the unnecessary duplication of work between solicitors and barristers, the cumbersome procedure of jury trials—and the necessity to stretch work to earn a living.

Moreover, much of the legal aid money in criminal cases is spent on matters which should not come before the courts at all. In this category fall not only the many cases where there is insufficient evidence to justify prosecution, but also the enormous number of petty offences against property and public order, which could be dealt with by a "ticket" or a fine imposed in administrative procedure, leaving the accused the right to appeal to a court if he thinks it worth his while. Such a reform, however, will become possible only when the police, judges and legislators accept that the public does not share their obsession with petty offences against property and is much more concerned about violent crimes against the person which now receive outrageously short sentences.

Civil law barristers, particularly those involved in big business cases, would hardly wish to have their incomes compared with those of lawyers in government service. Top silks command millions of pounds in fees every year. The solicitors are also doing very well out of work done for big companies in takeovers, financial operations and international trade. One would not begrudge their income if they rendered a useful service efficiently. The trouble is that often they are more of a hindrance than a help.

The division of the profession between solicitors, who are supposed to do the fact-finding and the scribbling for the allegedly illiterate client, and barristers who presumably know the law and have the ear of the court, may have some modest justification in the field of private business. Here the solicitors are expected to do a lot of routine work and turn to barristers on the rare occasions when there is some uncertainty about the legal issues involved. It is, however, quite unjustified in the field of commercial law in the City of London. Here solicitors must be or should be lawyers and indeed, the influx of young legal talent into the City law firms and the law departments of large companies, confirms the correctness of this view.

Though several recent publications indicate a growing awareness of legal economics‡ many firms of solicitors still seem to have no greater ambition than to act as a postman and a go-between, running with every little letter to the "leading counsel" and arranging for the client conferences, preferably with more than one silk, to which they send a couple of their partners suported by assistant solicitors. These multiple attendances in chambers and in court are justified by the specialisation of partners in various fields such as company law, trusts, competition and banking — a claim which is often at odds with the solicitors' reluctance to write even a simple application to a government department without first having a draft from a barrister.

The involvement of so many lawyers in one case builds up the costs. But even more detrimental to the client's interests is the confusion to which it leads. Barristers rely on solicitors to get the facts right, but too often the various partners and assistant solicitors rely one on another, so that no-one reads the papers properly or in good time. The frequent occurrence of shoddy work shows up the inadequacies of the Law Society's complaint procedure. That is why complaints should go to an independent tribunal which could run a blue pencil through bills.

Looking for the causes of duplication, delay, formalism and sheer incompetence, one arrives at the conclusion that all have one common denominator: lawyers are not paid by result, but by the time they spend, or pretend to spend, on the client's business. In countries where the health insurance pays doctors for individual attendances at the surgery or visits at home, rather than for keeping patients healthy, doctors get rich and in the process produce a nation of hypochondriacs; the effect of lawyers' time-fees on the health of businesses is much the same.

Small-scale reforms and compromises between the Bar and the Law Society will not bring the English law profession into the 20th century. What is needed is a radical change in the way lawyers are paid. If paid by result, they would do their work faster and more economically. Solicitors would want to do as much as they could themselves, as their go-between function would produce no extra money. It would be in the interests of large law firms to have all the crafts, including skilled advocates, under one roof. And above all, lawyers would acquire a direct interest in the codification and modernisation of law, which would make their work, and their client's lives, much easier.

What does this mean in practical terms? In uncontentious legal business, clients should be able to agree with their lawyers on an annual retainer, a flat fee for individual transactions, or at least a budget. Litigation fees should be proportionate to the amounts at stake, and when the dispute is not about payment of money, the court would determine its monetary value as a basis for the calculation of costs. The so-called "uplift" now allowed on time-fees for difficult and complicated work (and solicitors find *everything* difficult and complicated), often doubles the costs. It should be replaced by a success bonus. This would make lawyers wary of spending too much time on lost causes.

Then there is the vast area of claims by individuals or small companies against insurance companies and big business. Unless legal aid is available, the financially weaker party hardly dares to challenge a stronger adversary in the courts.

It is worth having an unprejudiced look at the US contingency fee system in connection with personal injury, product liability, intellectual property and anti-trust claims. There is nothing inherently immoral in lawyers financing proceedings and taking a share in the damages awarded. In fact, it is a system which, by contrast with legal aid, discourages the swamping of courts with hopeless claims. It provides an incentive for fast and economical proceedings.

Some of the uglier aspects of the US practice result from the continued existence of jury trial of civil claims, unlike in the UK. These faults are aggravated by the wider scope of the US courts and the greater litigiousness of the US public.

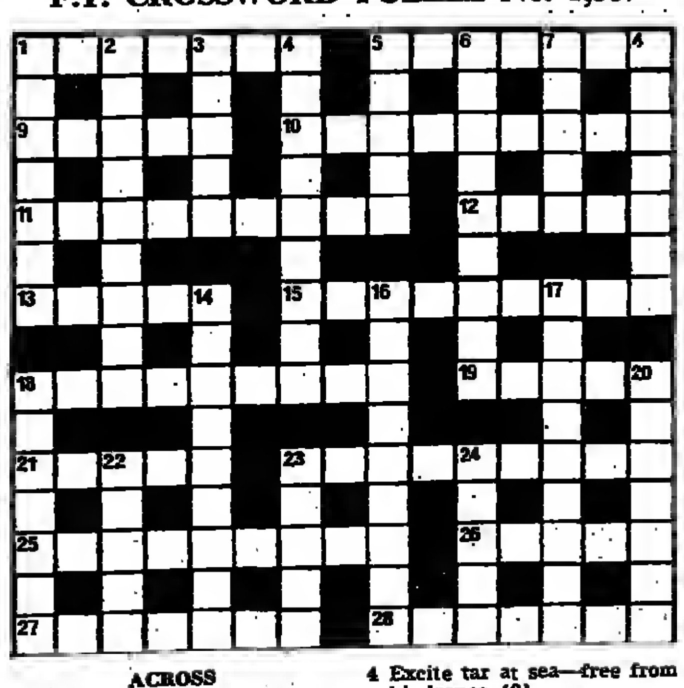
Although partial "small scale" reforms offer little hope, perhaps one could try a global reform on a restricted territory. The City of London seems to be ripe for a united legal profession, paid by results.

* *The Times, October 31, 1985.*

† *Coopers and Lybrand Associates: "Study of Remuneration of Barristers carrying out Criminal Legal Aid" presented to the Senate of the Inns of Court and the Bar, September, 1985.*

‡ *See David S. Porter "Financial Management for Solicitors" Third Edition (1985) Longman Professional.*

F.T. CROSSWORD PUZZLE No. 5,867



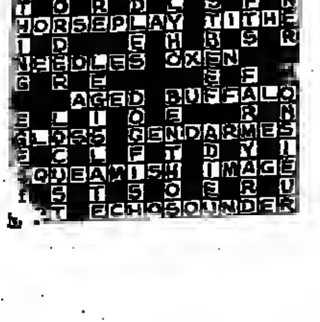
ACROSS

1 Describes desperate effort that is odd or strange (2-2-3)
5 Lays down English prose exceptionally before Society (7)
9 Part of an already federated county (5)
10 Dynamic person's to regard mineral as an ornament? (6, 3)
11 Sort of riser noted for catching (5, 4)
12 Soft unit *programmed* for computer? (5)
13 Displays theatrical entertainments (5)
15 This is self-evident according to saying (9)
18 The blows experienced by workers in the sun? (9)
19 One leaves sounds for the hooters (5)
21 Rolls, heels over (5)
23 I'm nasty, I ring all upset, showing bitterness (9)
25 Cafe-us-pot brewing? Result? (4, 2, 3)
26 A fool round the south getting some tobacco (5)
27 Rough terrain for coach (7)
28 Moth making for old paper size (7)

DOWN

1 Fair entertainment (7)
2 Volunteer politician for a sum of money (9)
3 Child's pop (5)
4 Excite tar at sea—free from hindrance (9)
5 Set of clothing I had (5)
6 A fruit to each man, taking in last bit of plum (9)
7 To soak? That's exorbitant (5)
8 Sort of P.C. is 'tec. He's not arrived at conviction (7)
14 Rebukes beginner amongst idiots—dejected (5, 4)
16 Urge on violent sit-in curfew (9)
17 Witness match if in 'olsted position, we hear (9)
18 Man will act badly to her (4-3)
20 The lawyer is doubtful (7)
22 First class nuisance rising in the main is a fish (5)
23 Part of church to make changes for listeners (5)
24 Won't operate in part where cover is (2, 3)

Solution to Puzzle No. 5,866



APPOINTMENTS

Senior post at Thorn EMI

THORN EMI has appointed Mr John R. Crathorne as chief executive of Thorn EMI Major Domestic Appliances from January 1. He is managing director of TI New World and a director of TI Domestic Appliances.

★

Mr Alan Dover has been appointed to the board of HEY & CROFT. He joined the company in October 1965 as an architectural assistant. Appointed as construction director (designate) is Mr Martin Webster who was construction manager for Wilcon West Midlands in Stourbridge. Before that he was for six years joint managing director of the Blade Group in Stockport.

★

Lord Romsey has been elected a director of OCEAN SOUND, the company which has won the franchise from Radio Victory to broadcast in the new Portsmouth-Southampton area.

★

Appointed manufacturing director at MARLEY EXTRUSIONS is Mr David Rowlands, who joined the company at Lenham, Kent, in 1975. He was works manager.

★

COOKSON GROUP has appointed Mr Nigel Mobbs to the board. He is chairman of Slough Estates, and a director of Barclays Bank and Woolworth Holdings.

★

Mr John R. Reynolds, a director of J. Henry Schroder Wagg & Co., has been elected a director of PROCESS SYSTEMS, of Charlotte, North Carolina.

★

Mr Philip Cooper has been appointed comptroller general of the PATENT OFFICE. He will take over from Mr Ivor Davis on January 1. Mr Cooper was director of the Werren Spring Laboratory.

★

HOMEQUITY, Swindon, an employee relocation company, has appointed Mr Jonathan Tams to its board as operations director. He was general manager—property services.

★

Mr Arnold Hindley has been appointed managing director of BOWATER DRUMS, a company within the packaging and associated products group of Bowater Industries.

★

Mr Ian Gillies has been appointed regional director of SOLA INTERNATIONAL HOLDINGS, part of the Pilkington Group's ophthalmic division. The appointment includes responsibility for Pilkington Ophthalmic Products, UK lens and frame manufacturer and Pilkington Optique SA, French lens-making subsidiary. Mr Gillies was general manager of Pilkington Ophthalmic Products, and is succeeded by Mr Chris Hughes, previously works director of Chance Pilkington. Mr Ben Lyon moves from production manager of Pilkington Reinforcements, to take over as works director of Chance Pilkington.

★

Mr Peter Duffy, director of investigations at FEDERATION AGAINST COPYRIGHT THEFT is to succeed Mr Robert Birch as director general on his retirement on December 1.

★

Mr Richard Purdey, managing director of Merrydown, has been elected chairman of the NATIONAL ASSOCIATION OF CIDER MAKERS.

★

Mr John Bullock has been appointed technical support director at ASHTON-TATE (UK). He joins from Tymac (UK).

★

ROXBURGHE GUARANTEE CORPORATION has appointed Mr Michael Hill as managing director.

★

Mr Roy Close, who retired earlier this year as director-general of the British Institute of Management, has become a director of inernational management consultants KEPNER-TREGOE.

★

Mr Michael Rushbridge, currently managing director of Cahners Exhibitions Limited (CEL), UK arm of Cahners Exposition Group (CEG), has been appointed senior vice-president—CEG North American Trade Shows. He will be based at CEG headquarters in Stamford, Connecticut, and will take up his new post in January. Mr David O'Beirne, currently a CEL group show director, will succeed Mr Rushbridge as managing director of CEL. Mr Mike Eaton, also a CEL group show director, will become deputy managing director of CEL.

★

LADBROKE GROUP has appointed Mr Jerry F. O'Mahony to the new position of head of corporate finance, carrying overall responsibility for the group treasury, accounting, taxation, internal audit, profit planning and purchasing functions. He joined Ladbroke as group financial controller in 1979 from Ellerman Group.

★

Mr Laurence Kelly, chairman of Helical Barr, and a member of the Monopolies and Mergers Commission, has been appointed to the board of the KAE GROUP as a non-executive director. Mrs Gunda Lapski has been appointed managing director of International Information Services, a subsidiary of the KAE Group.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt. Ltd

Pearl Trust Managers Ltd. (a)(g)

Perpetual Unit Trust Mngmt. (a)

Prolific Unit Trusts

Providence Capital Fd. Mgrs. Ltd.

Prudential Unit Trust Mngrs Ltd.

Quilter Management Co. Ltd.

Reed Stenhouse Inv Services Ltd

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

N.M. Rothschild Asset Management

Rowan Unit Trust Mngt.

Royal Life Fd. Mgmt. Ltd.

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgt. Ltd.

SKG Management Limited

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Life Investments

Scottish Mutual Investment Managers Ltd.

Scottish Provident Inv. Mgt. Ltd.

Scottish Unit Managers

Scottish Widows' Fund Management

Standard Life Trust Mngt. Ltd.

Stewart Ivory Unit Trust Mgrs Ltd.

Sun Alliance Fund Management Ltd.

Sun Life Trust Mngmt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.

TSB Unit Trusts

3i & Target Fund Mgrs Ltd

Target Trust Mngrs. Ltd.

Temple Bar Unit Tst Mgrs Ltd

Touche, Remnant Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs.

Tyndall Managers Ltd.

UK Provident Unit Trust Managers Ltd

Unit Trust Account & Mgmt. Ltd.

Vanguard Trust Managers Ltd

Wardley Unit Trust Managers Ltd

Waverley Asset Management Ltd

WestAvon Unit Trust Managers Ltd

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd.

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd.

Aetna Life Insurance Co. Ltd.

Albany Life Assurance Co. Ltd.

Allied Dunbar Assurance PLC

Ambassador Life Ass. Co. Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd

Canada Life Group

Cannon Assurance Ltd.

Chieftain Assurance Funds

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd.

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ins. Co. Ltd.

Criterion Assurance Group

Crown Financial Management Ltd.

Crusader Insurance PLC

Dominion Financial Management

Eagle Star Insurance Co Ltd

Eagle Star Insur/Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd.

Framlington Life Insurance Ltd.

Friends' Provident Life Office

G.T. Management Ltd.

General Accident Linked Life Assurance

General Portfolio Life Ins. PLC

Gresham Unit Assurance Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd.

Irish Life Assurance Co. PLC

The LAS Group

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General (UA)—Contd.

Legal & General Prop. Fd. Mgrs. Ltd.

Liberty Life Assurance Co Ltd

Lloyds Life Assurance

London & Manchester Group

London Indemnity & Gnl. Ins. Co. Ltd

London Life

London Life & Wkns. Intl. Assur. Ltd.

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Pensions Ltd.

National Mutual Life

National Mutual of Australasia

National Provident Institution

New Zealand Insurance PLC

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Pearl Assurance (Unit Linked Pens) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Property Growth Pensions & Annuities Ltd.

Providence Capital Life Assc. Co. Ltd.

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance

Royal Life (Unit Linked Pens) Ltd.

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Equitable Life Assur. Soc.

PBR Fund Management Ltd.

Assicurazioni GENERALI S.p.A.

INSURANCE, OVERSEAS & MONEY FUNDS

Australian Gen Mngt Ltd
48 Athol Street, Douglas, IoM 0624 20845
Aust Gen Fund 48.05 48.78
Next dealing date, November 28

BIA Bond Investments AG
30 Baarerstrasse CH6301, Zug, Switzerland

BNP Inv Mngmt (Jersey) Ltd
PO Box 158, St Helier, Jersey 0534 76011

BNP Intercurrency Fund Ltd
U.S. Dollar $10.14
Sterling £10.27
DMarks DM30.35

BNP Intercurrency Fund Ltd
North American $9.81 10.21
Far East $10.25

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Bamford Brandt Guernsey Mngt. Ltd
PO Box 71, St Peter Port, Guernsey 0481 26541

The Bangkok Fund
Bangkok First Inv & Trust Ltd (Inv Advisors)
300 Silom Road, Bangkok, Thailand

Bank of America International S.A.
35 Boulevard Royal, Luxembourg GD
Worldinvest Inc 143.26 143.26 7.31
Valued weekly on Wednesdays

Barclays Unicorn International
1 Charing Cross, St Helier, Jersey 0534 73741

EBC Trust Company (Jersey) Ltd.
1-3 Seale St, St Helier, Jersey. 0534 36331

The English Association
16 Athol St, Douglas, Isle of Man 0624 20738

Ermitage Management Ltd.
19 Royal Square, St Helier, Jersey, CI 0534 36007

Ermitage Management Cayman Ltd.
PO Box 2192, Grand Cayman, B.W.I.

Eurolife Assurance Group
5-11 Mortimer St., London W1N 7RH 01-631 0176

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury House London Wall EC2M 5TB

Eurotax Investments Ltd.

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Money Market Trust Funds

The Charities Deposit Fund
77 London Wall, London EC2N 1DB

The Money Market Trust

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE

Money Market Bank Accounts

Adam & Co. plc
22 Charlotte Sq, Edinburgh, EH2 4DF

Aitken Hume
30 City Road, EC1Y 2AY

Allied Arab Bank Ltd
97-101 Cannon St, London, EC4N 5AD

Bank of Scotland
38 Threadneedle St, EC2P 2EH

NOTES

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk.	35
BOC Grp.	27	NEI	10
BSR	8	Nat West Bk.	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons.	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	34	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs.	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min.	3½
GKN	20	Brit Petroleum	45
Hanson Tst	18	Burmah Oil	27
Hawker Sidd.	34	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Brazil cuts export price of orange juice

By Ann Charters in Sao Paulo

CACEX, BRAZIL'S foreign trade agency, bas agreed to a proposal from the orange juice industry to lower the minimum export price for orange juice concentrate from $1,400 a tonne (fob) to $1,150 a tonne and to reduce export quotas from this year's crop to 505,000 tonnes, down 100,000 tonnes from earlier anticipated exports.

With the price reduction expected to be put into effect shortly, manufacturers hope to see sales for Brazilian concentrates to pick up overseas, although the new price is still above recent international quotations of $1,000 per tonne.

Brazil's exports have been stalled since the announcement several weeks ago of an unexpectedly large Florida orange crop depressed world prices for orange juice.

This year's earnings from juice concentrate exports are now forecast at below $1bn, compared with $1.4bn in 1984.

The meeting of growers and manufacturers was called late Tuesday with Minister of Planning Mr Joao Soyad in the interior city of Ribeirao Preto, to settle a new flare-up that threatened to halt the processing of this year's crop for the second time in two months.

With Mr Sayad's intervention, the growers and industry representatives agreed to condense payments for this year's harvest from six installments paid through to mid-1986 to three monthly installments from December through to February, thereby meeting the growers' demand and staving off new blockades of juice producers' installations in Sao Paulo state. The payments referred to part of a Cr 20,000 ($2.60) price per 3.8 kilo box set by Cacex in July and in dispute ever since.

The bitter dispute over the 1985-86 orange crop has left manufacturers split over the decision to cut back exports to support weak international prices. Some orange juice producers complained that the cutbacks on quotas plus the shorter term payments to growers put too much of a squeeze on operating margins.

World Bank to lend Zaire $100m for mine projects

BY PETER BLACKBURN IN ABIDJAN

THE WORLD BANK will lend the Zaire state-owned copper and cobalt mining company Gecamines $100m to help finance its new five year 1986-1990 investment programme, according to the Bank's representative in Kinshasa.

The loan represents half the external funding Gecamines has been seeking to finance a $750m programme which aims to maintain copper output at 470,000 tonnes a year.

The announcement follows an aid donors meeting chaired by the World Bank in Paris last September and marks the end of long standing doubts about the programme. The EEC and other aid donors are now expected to provide support.

Several aid donors meetings have been postponed over the past two years and the head of Gecamines production, Mr Mulenda Mbo, warned recently that further delay in new investment would result in a fall in output.

The last investment plan was started more than a decade ago and ageing equipment and spare parts shortages, especially in transport, have made it increasingly difficult for Gecamines to maintain production targets.

A comprehensive restructuring of Gecamines in November 1984 caused several months' delay. The creation earlier this year of a state trading agency, Sonatrad, to co-ordinate the purchases of equipment and supplies by Gecamines and other state enterprises caused further delay as donors were sceptical that this would reduce costs and improve efficiency.

Investment during the new programme will be concentrated on the rehabilitation and modernisation of equipment and improving productivity.

A 100,000 tonnes a year copper blister and a 100,000 tonnes a year electrolytic copper refinery at Kolwezi's Luilu complex are also planned. The equipment was delivered during the previous investment programme which was abandoned after the second Shaba war in 1978.

● The world bank, together with other multilateral funding agencies, has come in for criticism in the US recently for its part in promoting increased copper production in developing countries, writes our commodities staff.

At a conference in London last month, Mr Robert Riley, the US Commerce Department's director of metals and commodities, blamed the agencies for funding development of the excess capacity in the industry which has forced US producers to cut output. At the same conference Mr Jean-Loup Dherse, the Bank's vice president for energy and industry, said it had stopped lending for the opening up of new capacity and was only lending — as with the present Zaire loan — for restructuring existing capacity. But Mr Riley replied that the Bank still had to take responsibility for a lot of the capacity which had been coming on stream over the past ten years. If it now needed to lend for restructuring, it was because of the loans it made for expansion 20 years ago, he added.

Mixed outlook forecast in demand for cotton fibre

BY ANTHONY MORETON

DEMAND for cotton is expected to rise faster in the Western developed world during the 1980s than for any other fibre according to projections just completed by the Brussels-based International Institute for Cotton. But it predicts demand will lag behind that for other fibres in the rest of the world.

By 1990 the Western developed world is expected to consume 5.3m tonnes, a 13.5 per cent rise over 1980.

In the same period demand for all fibres will rise by only 10.7 per cent, according to the institute, to 14.68m tonnes.

Cotton demand is expected to rise by 13.7 per cent in Soviet block countries compared with 17.8 per cent for all fibres; by 21.7 per cent in centrally planned Asian countries compared with 48.8 per cent for all fibres; and by 22.1 per cent in the developing world against 27.2 per cent for all fibres.

The International Cotton Advisory Council, the inter-governmental world forum for cotton producers and users, has just been told at its annual meeting, in Sydney, that demand for cotton throughout the world is expected to go up by 17.7 per cent between 1980 and 1990 to 16.99m tonnes.

By comparison, demand for all fibres should rise by 21.1 per cent to 36.52m tonnes.

The great worry for Western world cotton producers now is the role of China.

Chinese output is equal to that of the US and the Soviet Union combined and there appears to be great over-supply within China at the moment.

The Chinese have taken strong measures this year to prevent over-supply on the market by reducing the acreage under cultivation.

US distillate fuel oil stocks up again

By Nancy Dunne in Washington

STOCKS OF distillate fuel oil rose last week for the sixth consecutive week, although they continued to run well behind last year, according to the American Petroleum Institute.

Distillate stocks rose by 3m barrels to 125.3m barrels, almost 31m barrels behind this time in 1984. Stocks of residual fuel oil have been rising since August. Last week they hit 49.1m barrels, their highest point since January, 1985.

Meanwhile stocks of crude, 16.7m barrels behind last year, began to trend downward, sinking to 316.7m barrels, their lowest point since September 27. Over last week crude fell more than 5.4m barrels.

Gasoline stocks rose to 215.8m barrels, compared to 231.4m barrels last year at this time.

Poland narrows farm products trade gap

BY DAVID BUCHAN AND CHRISTOPHER BOBINSKI IN WARSAW

POLAND WILL narrow its once huge trade deficit in agricultural products to $220m this year and, given good weather, might balance farm exports and imports next year, Mr Stanislaw Zieba, the agriculture minister, said in an interview this week.

Agriculture is the one sector of Polish trade to have shown a substantial turnaround, from a $3bn deficit in 1980 to one of $300m last year. Four years of reasonably good weather have boosted grain output—the 1985 harvest will only be slightly down on last years record 24.4m tonnes—while Western sanctions and lack of official Western credit perforce drastically reduced imports. But it is now the only sector of the Polish economy that potentially stands to get new hard currency credits, albeit this time from private and religious funds in the West.

Mr Zieba estimated that Poland will this year need to import 2.5m tonnes of grain, mainly feed grains and protein and some wheat, as against 3m tonnes last year. It was too early to estimate, Mr Zieba said, what exports would amount to this year. Last year Poland exported a sizable quantity of rapeseed and bartered some 600,000 tonnes of rye for Soviet wheat as part of a growing effort to avoid hard currency transactions where possible.

The emphasis since 1980 has been on increasing grain production faster than general agricultural output, because during the 1970s, Mr Zieba complained, "we increased grain imports every year which led to an unsustainable level of meat consumption." This year sugar was taken off the ration list for the first time in nine years but meat is still rationed, as are semolina and chocolate.

In an effort to increase self-sufficiency, the acreage of planting of wheat, a commodity that Poland has been importing, was this year increased at the expense of rye, of which Poland has recently had a surplus of for export.

Polish agriculture is slowly repairing the damage from Western sanctions, in particular denial of credit for the import of U.S. feed grain on which the Polish broiler chicken industry was largely built up. Mr Zieba said the poultry industry was now back to 65 per cent of its 1980 size and, in contrast to the 1970s, is using mostly domestic grain.

Mr Zieba said his recent discussions with British companies during a trip to the UK focused on priority investments in food processing, fertiliser and pesticides. Lack of proper processing, storage, transport, and pesticides (of which Poland only used 1-2 kilos per hectare or about a quarter of the British level), were causing substantial losses, the minister said. He also said this week that United Biscuits of the UK was likely to win a substantial contract for modernisation of the Polish baking and biscuit industry.

The US and EEC governments and Western churches have offered to channel aid to Poland's private farming sector which accounts for 75 per cent of the country's output, through a Polish Catholic church foundation. Progress on this, however, is slow, although Mr Zieba said the Polish Government remains flexible. He was more optimistic, however, about the scheme proposed by the Rockefeller Foundation of the US to invest in the Polish food industry with the aim of boosting exports.

Sugar losses stir up trouble in Australia

Emilia Tagaza on a row over plans to rescue growers hit by low world prices

AUSTRALIAN BANKS are preparing for a major re-structuring of sugar loans — which total about A$360m (£170m) — hoping that most farmers' financial problems are short-term cash flow crises rather than acute insolvency.

The banks may find themselves in a real trap, however, as most indicators point to an inevitably prolonged crisis. Sugar growers and millers themselves have accepted that world market prices are not going to return to profitable levels in the foreseeable future. Moreover, most of the existing long-term price contracts will expire shortly, thus dismantling the shield that had protected the industry from wild price fluctuations. The industry will soon be more exposed to world spot markets.

Real estate agents in Queensland, the sugar-growing state, say that eight out of ten farms would readily sell their properties. But there are not many buyers.

For the first time since 1970, when the Government had to provide an income subsidy to the wool industry, the Government is having to look at farm income supports, this time for the sugar sector.

In September, the Prime Minister, Mr Bob Hawke, announced an A$150m income support package for the beleaguered sugar producers. But he imposed two conditions before the package could be implemented. One was that the Queensland Government should contribute additional funds for the scheme and the other was that the sugar industry itself should agree to a significantly greater degree of consultation.

The Queensland Government is intransigent, refusing to contribute anything to the subsidy and claiming that the Labour Government of Mr Hawke is taunting the Queensland Government which is ruled by the National Party. Sir John Bjelke-Petersen, Queensland's Premier, said income support was entirely the Federal Government's responsibility because it raises taxes from the sugar industry.

The Federal Government, on the other hand, argues that since sugar is grown almost entirely in Queensland and that the industry has been structured and regulated by the State Government for over 60 years, the State Government has an obligation to contribute to the subsidy.

Income subsidy is deemed indispensable by a joint federal, state and industry inquiry panel formed by Mr Hawke earlier this year. It concluded that income support was necessary in the next two to three years if the Australian sugar industry is to survive and recommended a guarantee of A$220 a tonne in the 1985 season, dropping to A$215 a tonne in 1986 and to A$210 in 1987.

Mr Hawke has proffered both a carrot and a stick by offering a more generous price guarantee of $240 per tonne, but at the same time imposing his conditions.

Sugar producers themselves have mixed feelings about the strings attached to the income support. They want the subsidy badly, but many are averse to losing the protection they enjoy from existing regulations.

Under existing legislation the Queensland Government assigns growers a quota for cane delivery to a particular mill. This guarantees all farmers a certain level of production and sale, whether or not they are operating economically. Also the state Government buys all raw sugar and administers a formula for the division of proceeds between growers and millers. Again, this guarantees uniform income to growers, regardless of the efficiency of their operations.

At a recent meeting, growers clearly balked at deregulation. The Queensland Cane Growers' Council challenged the Federal Government to identify the financial benefits it would bring.

This annoyed the Minister for Primary Industry, Mr John Kerin, who replied that the Federal Government would not put tax payers' money into an industry that is not prepared to repay the investment by restructuring and making itself more efficient.

"I am sick of the delays in this matter and I know that the ordinary sugar grower is sick of industry and party politics interfering in the resolution of their problems," Mr Kerin said.

While the squabble goes on, more and more growers are falling deeper in debt. The sugar inquiry panel said that on average, growers have been unable to cover depreciation during the past three seasons and loan interest has only been partly covered in two out of the three.

Last August a 130-acre farm was foreclosed in Queensland, the second foreclosure in the past two years.

Although the inquiry panel said that the total A$360m growers' debt is unevenly distributed, with 60 per cent of farms having relatively small loans, it has nevertheless recommended a substantial increase in the current interest subsidy scheme (the Rural Readjustment Scheme) jointly operated by the Federal and State Governments.

The panel also warned that the scheme may need to contain a provision to write-off bad debts at a level somewhat above that for other rural industries.

The programme provides farmers with relief on interest on borrowings related to loan restructuring, on loans to improve farms, or on loans bridging incomes when they fall short of basic needs.

Last year, about A$3.4m were disbursed just to help farmers restructure loans. The panel concluded that farmers would require about $18m in interest subsidy this year for debt restructuring alone. This requirement would rise to $24m next year and to $30m in 1987.

Interest subsidy, income support and deregulation are, however, not watertight guarantees for a lasting recovery of the Australian sugar industry. The inquiry panel said unless world sugar prices improve, restructuring and subsidies will not lead to a viable industry in the medium- to long-term.

"At current world market prices of between 3 to 4 cents (Australian) a pound, no export-dependent sugar industry can hope to survive," it said.

LONDON MARKETS

THE RECENT decline in London cocoa futures prices continued yesterday taking nearby positions to the lowest level for 15 months. Increased expectations for the Ivory Coast's 1985-86 crop remained the main bearish influence as the March quotation fell £18 to £1,658.50 a tonne. The coffee market was still seeking direction following the end of the Brazilian drought and the January position traded between £1,944 and £1,885 a tonne before ending £10 down at £1,904 a tonne. A complicating factor was widespread talk that Colombia might sell coffee from its stock to Brazil for internal consumption, so releasing more of Brazil's reduced 1986-87 crop for export. The London Metal Exchange was quiet as attention focused on the International Tin Council meeting. Copper and lead prices were a little firmer while zinc and aluminium lost a little ground.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	657.5-8.5	—6.0	660.5/660.5
3 months	682.5-5	—4.0	689/677.5

Official closing (am): Cash 660-.5 (661-.5), three months 684.5-5 (685.5-0), settlement 660.5 (661.5). Final Kerb close: 677.5-8.

Turnover: 18,450 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	955-6	+3.0	950/950
3 months	982.5	+4.75	982/974

Official closing (am): Cash 949-50 (957.5-8.5), three months 975-6 (979-80), settlement 950 (958.5). Final Kerb close: 981.2.

Cathodes			
Cash	929-32	+1.5	926/925
3 months	961-3	+3.25	—

Official closing (am): Cash 925-7 (932-3), three months 956-8 (960-1), settlement 927 (933).

Turnover: 25,175 tonnes. US Producer prices 65.50-70.00 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	275-.5	+1.75	275/274
3 months	277-.5	+1.0	277.5/276

Official closing (am): Cash 274.5-5 (279-80), three months 276-7 (282-.5), settlement 275 (280). Final Kerb close: 277-.5.

Turnover: 13,100 tonnes. US Spot: 18.75-20.00 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2870-80	—40.0	
3 months	2845-50	—47.5	2860/2845

Official closing (am): Cash 2790-5 (2865-70), three months 2845-6 (2900-5), settlement 2795 (2870). Final Kerb close: 2850-70.

Turnover: 1,038 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	403.5	—5.0	—
3 months	410.4	—6.0	417/410

Official closing (am): Cash 407-8 (408-10), three months 416-7 (418-9), settlement 408 (410). Final Kerb close: 410.5-11.

Turnover: 14,775 tonnes. US Prime Western: 33.50-38.75 cents per pound.

GOLD

Gold closed unchanged at $324½-325 on the London bullion market yesterday. It opened at the day's high of $325-325½, and in quiet trading was fixed at $320.75 in the morning and $324.40 in the afternoon. The metal touched a low of $323¾-324.

GOLD BULLION (fine ounce) Nov. 6		
Close	$324½-325	(£226¾-226½)
Opening	$325-325½	(£226¼-226¾)
M'n'g fix	$324.75	(£225.950)
Aft'n'n fix	$324.40	(£225.684)

GOLD AND PLATINUM COINS		
Kr'g'r'nd	$337-337½	(£227½-228)
½ Krug.	$172½-173	(£120-120½)
¼ Krug.	$88-88½	(£61¼-61½)
1/10 Krug.	$36-36½	(£25-25½)
Mapleleaf	$334½-335	(£232½-233)
Angel	$333-335	(£231½-233)
1/10 Angel	$33-37	(£24-26¾)
New Sov.	$78½-79	(£54½-55)
½ New Sov	$40½-47½	(£32½-33)
Old Sov.	$79½-81	(£55¼-56¼)
$20 Eagle	$450-490	(£310-341)
Noble Plat	$335¾-359¾	(£260¾-256½)

SILVER

Silver was fixed 0.5p an ounce higher for spot delivery on the London bullion market yesterday at 423.05p. US cent equivalents of the fixing levels were: spot 607.5c, up 0.4c; three-month 619.2c, up 0.4c; six-month 630.95c, down 0.2c; and 12-month 656.65c, up 0.15c. The metal opened and closed at 423-426p (606-611c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	423.05p	+0.50	421.5p	+0.5
3 months	434.75p	+0.50	435.5p	+1
6 months	446.60p	+0.15	—	—
12 months	469.40p	+0.65	—	—

LME—Turnover: 14 (37) lots of 10,000 oz.

Cash high 422, low 421; three months high/low 434. Final Kerb high 437, low 435.

MEAT

November traded slightly higher with unwinding of contracts ahead of expiry. Uncovered position is 122 lots. Forward positions continue to drift lower, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Nov	117.50	110.60	117.5-117.5
Feb	89.50	99.60	—
April	101.90	101.50	—
June	99.10	99.40	99.4-98.1
Aug	98.00	98.10	99.2-98.1
Oct	103.80	103.80	—

Sales: 25 (87) lots of 50 carcases, 3,250 kg.

The average all pigs price for week ending November 22 1985 was 104.00p per kilogram deadweight.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.76p per kg lw (+0.41). GB—Sheep 146.82p per kg est dcw (—3.11). GB—Pigs 81.29p per kg lw (+2.06).

INDICES

FINANCIAL TIMES

Nov. 5	Nov. 5	M'th ago	Year ago
—*	—*	251.63	294.83

(Base: July 1 1952=100)

REUTERS

Nov. 6	Nov. 5	M'th ago	Year ago
1740.8	1738.8	1829.1	1877.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Nov. 6	Nov. 4	Month ago	Year ago
Spot	110.66	110.28	115.32	125.84
Fut.	121.60	121.40	117.85	128.88

(Base: December 31 1931 = 100)

* Not available due to suspension of trade in tin on the LME.

MAIN PRICE CHANGES

	Nov. 6 1985	+ or —	Month ago
METALS			
Aluminium	£1100	......	£1100
Free Mkt.	$1000/20	+15.0	$1020/50
Copper			
Cash h Grade	£960.5	+3.0	£961.0
3 mths	£982.25	+4.75	£1085.75
Gold Troy oz	$324.75	—0.5	$326.6
Lead Cash	£270.25	+1.75	£278.25
3 mths	£277.25	+1.00	£286.37
Nickel			
Free Mkt	182/202c	—5.0	198/218c
Palladium oz	$101.25	+0.10	$102.60
Platinum oz	$322.0	+2.0	$302.75
Quicksilver†	$265/275	......	$270/285
Silver troy oz	423.05p	+0.50	443.10p
3 months	434.75p	+0.50	456.80p
Tin cash	‡	......	£8777.0
3 months	‡	......	£8677.5
Tungsten	$70.28	......	$66.78
Wolfram 22.0lb	$62/68	......	$64/68
Zinc	£404.0	—5.0	£463.0
3 months	£413.0	—3.0	£470.25
Producers	$650/675	......	$780
OILS			
Coconut (Phil)	$420x	......	$450
Palm Malayan	$357.5v	......	$375
SEEDS			
Copra Phil	$265w	......	$285
Soyabean (U.S.)	$220.9u	+1.3	$209
GRAINS			
Barley Fut. Jan.	£110.60	+0.30	£109.19
Maize	£134.0v	......	£127.00
Wheat Fut. Jan.	£110.25	+0.25	£108.10
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1658.5	—18.0	£1815.5
Coffee Ft. Jan.	£1904.0	—10.0	£1643.5
Cotton A Index	48.00c	—0.05	49.05c
Gas Oil Dec.	$260.25	—0.25	$251.25
Rubber (kilo)	56.00p	......	50.00p
Sugar (raw)	$147.5w	+4.5	$128
Wooltops 64s	404p kilo	......	422p kilo

In tonnes unless otherwise stated. ‡ Unquoted. s Dec-Jan. w Nov-Dec. v Nov. u Dec. † Per 76 lb flask. c Cents per pound. x Jan.

COCOA

Values eased sharply today touching lows some £39 off before rallying on the close. There was little interest in physicals from producers and consumers made light scale down purchases only, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1607-1608	—28.5	1622-1596
March	1650-1660	—18.0	1666-1642
May	1689-1690	—18.0	1697-1672
July	1710-1714	—16.5	1729-1700
Sept.	1738-1742	—12.5	1744-1725
Nov.	1744-1748	—11.5	1748-1766
Dec.	1763-1770	—12.0	1770-1755

Sales: 10,830 (3,229) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for Nov 6: 101.08 (102.09); five-day average for Nov 7: 102.89 (103.43).

COFFEE

During a fairly active morning initial losses were gradually erased as Commission House buying lifted values, reports Drexel, Burnham, Lambert. Gains were extended in the afternoon before trade selling and some profit-taking influenced a return to the lower levels.

COFFEE	Yesterday's Close	+ or —	Business Done
Nov	1870-1875	—	1888-1878
Jan.	1903-1905	—10.0	1944-1885
March	1880-1882	—17.5	1921-1875
May	1870-1875	—28.0	1915-1870
July	1805-1875	—27.5	1905-1880
Sept.	1885-1890	—27.5	1915-1890
Nov.	1890-1937	—24.0	1915-1905

Sales: 7,598 (7,400) lots of 5 tonnes.

ICO Indicator prices (US cents per pound) for November 5: Comp daily 1979 140.20 (142.42); 15-day average 132.91 (131.73).

GRAINS

The market was 25p easier on quiet physical trade but quickly found mixed merchant and shipper buying support to rally and steadily reach 25p up and consolidate. Profit taking provided the major selling interest. Barley followed a similar pattern in quiet trading, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Nov	107.70	+0.05	107.65	+0.30
Jan	110.25	+0.25	110.60	+0.30
Mar	112.90	+0.25	113.15	+0.15
May	115.75	+0.30	116.10	+0.10
July	118.30	+0.15		
Sept	97.60	+0.25	97.60	+0.15

Business done—Wheat: Nov 108.00-7.70, Jan 110.25-9.75, Mar 112.95-2.75, May 115.80-5.30, July 118.40-8.25, Sept 97.30 only. Sales: 461 lots of 100 tonnes. Barley: Nov 107.70-7.55, Jan 110.60-0.40, Mar 113.25-3.00, May 115.10 only, Sept untraded. Sales: 133 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent Nov 134, Dec 135.50, Jan 138.25, Feb 140.50 transhipment East Coast. US No. 2 soft red winter Nov 116.10, Dec 117.10, Jan 118.50, Feb 119.75; EC French Nov 126; English feed fob Jan-March 114.75, Feb 114.75, April-June 113.50, Nov 111-112 buyer/seller, Dec 112.50 buyer, June-July 116.50 buyer East Coast. Maize: US No. 3 yellow/French transhipment East Coast Nov 134 seller. Barley: English feed fob Nov 112.50 buyer, Dec 112.50-113.25, Jan 114-116.50, Jan-March 115.75-116.25 seller/buyer. Rest unquoted.

HGCA—Herewith todays locational ex-farm spot prices. Feed Wheat: Eastern 106.70, E Mids 105.50, N East 106.60, Scotland 105.20. Feed Barley: E Mids 107.40, N East 108.10, Scotland 102.50. The UK monetary coefficient for the week beginning Monday November 11 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged at 1.000.

FREIGHT FUTURES

Freight Futures opened sharply lower this morning, against a background of fears of falling physical rates. Selling was only met with limited scale down buying interest, possibly of a short covering nature, but insufficient to stem the fall. The market showed no signs of recovery by the close, and final quotations were at the days lows, reports Clarkson Wolff. The Baltic Freight Index was 814.5, up 1.0 point.

	Close	High/Low	Prev.
Jan.	887/885	896/885	906/904
April	943/940	947/930	955/954
July	850/840	—	860/858
Oct.	930/925	925/920	940/935
Jan.	970/935	—	970/945
April	1050/1020	—	1060/1060
July	850/870	—	850/880
Oct.	1050/950	—	1050/950

Turnover: 162 (66).

POTATOES

Since Monday reports of frost damage to unlifted potatoes have continued to circulate. This question mark over spot quality, combined with doubts over a successful tender of Dutch potatoes against November futures, has served to underpin all positions, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	68.90	68.00	69.00-68.50
Feb	70.50	69.50	71.00-70.00
Apr	78.90	77.90	79.20-78.00
May	84.50	83.70	84.60-84.50

Sales: 336 (183) lots of 40 tonnes.

SOYABEAN MEAL

The market opened £1 on renewed professional buying, reports T. G. Roddick. Prices moved higher on trade buying until slight profit taking eased market from highs to close at values of unchanged.

	Yesterday close £ per tonne	+ or —	Business Done
Dec.	126.5-126.7	+1.05	128.5-127.5
Feb.	130.8-131.0	+1.35	131.1-130.8
Apr.	130.5-130.7	+1.75	130.6-129.0
June	126.2-126.5	+0.90	126.5-126.5
August	120.2-126.5	+0.50	126.4
October	126.0-128.0	+1.55	126.3
Dec.	126.0-131.5	+1.15	—

Sales: 669 (141) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $147.50 (£102.50) up $4.50 (up £3.00) a tonne for November-December delivery. White sugar $181.00, up $4.00.

Fresh buying on chart considerations enabled prices to consolidate the overnight gains although at 5 pm quotations were $1 off the highs, report C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business Done
	$ per tonne		
Dec.	147.8-151.8	150.0	153.0-152.0
Mar.	161.4-161.8	166.6-164.8	164.8-161.4
May	165.5-165.8	167.0-167.4	167.8-165.0
Aug	170.6-171.4	171.8-172.0	173.0-171.0
Oct	176.0-177.0	177.4-178.0	178.4-176.8

Sales: 2,799 (1,848) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £207.5 (£204.0) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for November 5: Daily price 5.66 (5.67); 15-day average 5.17 (5.13).

US MARKETS

PRECIOUS metal markets continued to trade nervously reflecting disappointment over the markets inability to attract fresh buying despite the firm tone to currencies and financials, reports Heinold Commodities. Copper firmed reflecting cautious optimism the tin crisis might be resolved. Aluminium continued to remain under pressure on the lack of cash interest and large stocks. Sugar came under pressure in reaction to the large EEC selling tender and an overbought condition. Good availability of Ivory Coast cocoa kept pressure on values. Coffee weakened awaiting news on Brazilian export policy. The lack of fresh fundamental news and uncertainty associated with the US farm bill kept cotton in a tight range. Grains moved lower with maize reacting to better producer movement and soyabeans influenced by talk of changing the 1985 loan rate. Petroleum markets firmed on a good drawdown in crude oil stocks in the weekly trade stocks report and concern that an explosion at a Texas refinery would slow gasoline production.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb	Close	High	Low	Prev
Nov	42.20	—	—	—
Dec	42.05	42.55	42.05	42.50
Jan	42.95	—	—	42.90
March	43.10	43.65	43.25	43.60
May	44.35	44.35	44.35	44.30
July	45.00	—	—	45.00
Sept	45.77	—	—	45.70
Dec	46.80	—	—	46.75
Jan	47.15	—	—	47.10
March	47.81	—	—	47.80

COCOA 10 tonnes, $/tonnes	Close	High	Low	Prev
Dec	2040	2040	2020	2045
March	2131	2135	2117	2141
May	2188	2194	2180	2201
July	2225	2231	2219	2237
Sept	2251	2258	2251	2265
Dec	2260	2260	2260	2275
March	2270	2270	2270	2285

COFFEE "C" 37,000 lb, cents/lb	Close	High	Low	Prev
Dec	158.75	160.90	157.75	158.51
March	158.75	161.45	158.60	158.71
May	159.80	162.40	159.20	160.31
July	160.75	163.30	160.20	161.50
Sept	162.00	163.75	161.00	162.00
Dec	161.75	164.00	161.25	162.00
March	164.00	—	—	163.00

COPPER 25,000 lb, cents/lb	Close	High	Low	Prev
Nov	60.66	60.55	60.66	60.60
Dec	61.35	61.50	60.95	60.96
Jan	61.50	61.50	61.50	61.25
March	62.25	62.40	61.85	61.85
May	62.65	62.65	62.10	62.20
July	62.95	62.95	62.55	62.55
Sept	63.20	63.20	63.20	62.95
Dec	63.90	63.90	63.56	63.66
Jan	64.05	—	—	63.85
March	64.46	—	—	64.25

COTTON 50,000 lb, cents/lb	Close	High	Low	Prev
Dec	61.15	61.39	61.00	61.29
March	61.89	62.10	61.85	61.89
May	62.35	62.60	62.10	62.10
July	60.66	60.70	59.85	59.66
Oct	53.50	—	—	53.40
Dec	52.18	52.18	52.05	52.09
March	53.00	—	—	52.50

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel	Close	High	Low	Prev
Dec	30.28	30.35	29.98	29.98
Jan	29.22	29.32	28.85	28.86
Feb	28.49	29.56	28.16	28.10
March	27.83	27.90	27.54	27.46
April	27.30	27.34	27.04	26.97
May	26.85	26.75	26.61	26.55
June	26.50	26.50	26.28	26.15
July	26.20	26.12	26.00	25.86
Sept	26.00	26.00	25.70	25.49

HEATING OIL 42,000 US gallons, cents/US gallons	Close	High	Low	Prev
Dec	86.41	86.90	85.30	85.75
Jan	86.25	86.70	85.10	85.44
Feb	84.80	85.10	83.70	83.90
March	80.30	80.50	79.40	79.45
April	76.20	76.30	75.40	75.50
May	73.60	73.60	72.70	73.03
June	72.60	72.60	72.00	71.90
Aug	72.00	71.60	71.40	72.00

SUGAR WORLD "11" 112,000 lbs, cents/lb	Close	High	Low	Prev
Jan	5.65	6.80	6.70	5.81
March	6.24	6.39	6.21	6.33
May	6.40	6.54	6.38	6.50
July	6.57	6.70	6.56	6.65
Sept	6.74	6.82	6.82	6.82
Oct	6.84	6.96	6.81	6.81
March	7.42	7.53	7.42	7.46

GOLD 100 troy oz, $/troy oz	Close	High	Low	Prev
Nov	323.0	323.0	323.0	324.3
Dec	325.0	328.8	325.3	325.3
Jan	328.0	—	—	—
Feb	329.9	330.8	328.5	330.3
April	333.5	334.3	332.1	334.1
June	337.5	338.2	337.8	338.2
August	341.8	341.8	341.8	342.8
Dec	350.7	351.8	350.7	351.8
Feb	357.5	—	—	358.3
April	362.6	—	—	367.9
June	368.1	—	—	367.4
August	373.0	—	—	373.2

ORANGE JUICE 15,000 lb, cents/lb	Close	High	Low	Prev
Nov	113.80	114.00	113.50	113.75
Jan	114.65	115.80	114.15	114.40
March	115.00	115.80	114.50	115.10
May	115.00	115.00	115.00	115.00
July	114.75	114.75	114.75	115.15
Sept	113.00	—	—	112.25
Nov	113.50	—	—	113.50
Jan	113.75	—	—	—
March	113.00	—	—	112.00

PLATINUM 50 troy oz, $/troy oz	Close	High	Low	Prev
Jan	329.5	332.0	327.0	329.1
April	331.0	333.5	330.5	330.1
July	339.5	333.5	332.8	333.0
Oct	340.3	340.3	336.0	336.3
Jan	343.0	—	—	—

SILVER 5,000 troy oz, cents/troy oz	Close	High	Low	Prev
Nov	609.5	609.5	609.5	608.8
Dec	612.5	614.0	611.0	612.5
Jan	616.5	616.5	610.6	616.7
March	626.5	626.5	623.0	624.8
May	634.0	634.5	633.6	633.2
July	642.0	642.5	640.0	642.0
Sept	652.0	652.0	651.0	651.5
Dec	666.0	667.0	664.9	665.9
Jan	671.5	—	—	671.0
March	681.5	—	—	681.0

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb	Close	High	Low	Prev
Dec	66.90	67.05	66.20	67.77
Feb	63.32	63.40	62.60	62.40
April	62.12	62.27	61.85	62.22
June	61.60	61.70	61.40	61.70
Aug	60.10	60.35	60.00	60.20
Oct	59.10	59.25	58.90	59.10
Dec	60.10	60.10	60.10	60.10

LIVE HOGS 30,000 lbs, cents/lb	Close	High	Low	Prev
Dec	46.62	46.90	46.02	47.15
Feb	45.95	46.25	45.55	46.32
April	41.50	41.72	41.25	41.76
June	43.72	44.05	43.52	43.95
July	44.10	44.32	43.75	44.37
Aug	42.75	42.90	42.55	42.70
Oct	39.90	40.00	39.65	39.80
Dec	40.87	40.97	40.90	40.97
Feb	41.00	41.00	41.00	41.00

MAIZE 5,000 bu min, cents/56 lb bushel	Close	High	Low	Prev
Dec	233.8	237.2	233.0	236.2
March	243.6	246.0	243.2	245.2
May	247.4	250.4	247.0	250.0
July	249.0	252.4	248.2	252.0
Sept	235.2	237.6	234.2	237.2
Dec	229.8	232.0	229.2	231.0
March	238.4	239.4	238.2	239.4

PORK BELLIES 38,000 lbs, cents/lb	Close	High	Low	Prev
Feb	62.36	62.85	61.85	63.05
March	62.60	63.15	62.10	63.25
May	63.87	64.20	63.40	64.42
July	64.30	64.85	63.70	64.70
Aug	61.90	62.10	61.00	62.10

SOYABEANS 5,000 bu min, cents/60 lb bushel	Close	High	Low	Prev
Nov	517.0	522.4	514.4	519.2
Jan	529.0	535.4	526.2	531.6
March	540.0	548.0	538.0	544.2
May	550.0	557.0	546.4	553.2
July	554.4	563.4	553.0	560.6
Aug	553.4	559.0	552.0	556.4
Sept	538.0	539.0	537.0	540.0
Nov	534.8	538.0	532.0	535.4
Jan	547.0	548.4	545.0	549.0

SOYABEAN MEAL 100 tons, $/ton	Close	High	Low	Prev
Dec	148.5	150.1	147.9	149.2
Jan	148.5	150.5	147.7	149.0
March	149.3	151.8	148.7	150.9
May	150.0	152.5	149.3	151.8
July	150.5	153.5	149.8	152.2
Aug	149.5	152.7	149.5	151.7
Sept	149.0	150.0	148.0	149.7
Oct	146.0	146.5	145.0	148.5
Dec	146.5	148.0	145.5	148.5
Jan	147.5	147.5	145.0	148.0

SOYABEAN MEAL 60,000 lbs, cents/lb	Close	High	Low	Prev
Dec	19.92	20.14	19.82	19.89
Jan	20.09	20.28	15.98	20.04
March	20.48	20.63	20.31	20.43
May	20.88	21.00	20.68	20.85
July	21.20	21.30	21.03	21.18
Aug	21.23	21.40	21.08	21.20
Sept	21.20	21.30	21.10	21.15
Oct	21.13	21.25	21.10	21.10
Dec	21.40	—	—	21.30
Jan	21.40	—	—	21.30

WHEAT 5,000 bu min, cents/60 lb bushel	Close	High	Low	Prev
Dec	323.8	325.4	321.2	324.0
March	329.4	330.2	327.2	329.2
May	313.8	314.4	311.6	313.2
July	292.8	293.6	291.2	292.0
Sept	294.0	296.0	294.0	293.0
Dec	305.4	—	—	305.4

SPOT PRICES—Chicago loose lard 17.50 (17.00) cents per pound. New York 609.0 (608.5) cents per troy ounce.

OIL

Brent prices ended London trade virtually unchanged. Nymex opened 8c up but had gained a further 23c by 1.30 pm EST. The petroleum products market, gas oil prices fluctuated amidst active trade. High sulphur fuel oil firmed in north-west Europe on increased demand by UK electrical utilities. Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	27.70-27.80	—
Arab Heavy	25.55-25.65	—
Dubai	30.75-28.85*	+0.025
Brent Blend	28.95-29.05	—0.05
W.T.I. (1pm est)	30.15-30.20*	+0.175
Forcados (Nigeria)	29.15-29.25	—0.10
Urals (cif NWE)	27.80-27.95	+0.175
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	273-276	—
Gas Oil	260.5-264.5	+0.5
Heavy fuel oil	137-140	+1.0
Naphtha	246-247	

* December Petroleum Argus estimates.

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Nov.	262.25	—3.00	265.00-61.75
Dec	260.20	—0.25	260.50-57.75
Jan.	257.50	—0.75	258.25-55.75
Feb.	253.50	—0.25	255.50-51.75
Mar.	244.50	—	244.50-43.00
Apr.	203.00	+1.50	250.00-55.00
May	200.00	+0.50	230.00-28.50

Turnover: 2,265 (1,879) lots of 100 tonnes.

CRUDE OIL FUTURES (Brent blend index $ a barrel): (buyer/seller, change, business): Dec 28.52/28.54, +0.09, 28.52/28.35; Jan 27.66/27.70, +0.08, 27.66/27.43; Feb 27.10/27.15, +0.03, 27.10/26.88; Mar 26.20/26.50, —0.45, 26.32/26.30; Apr 26.00/26.05, —0.63, 25.87/25.37; May 25.21/26.00. Turnover: 110 lots of 1,000 barrels.

RUBBER

PHYSICALS—The London market opened quiet, quite firm throughout the day with little interest and closed on a quiet note, reports Lewis and Peat. Closing prices (buyers): spot 56.00p (same); December 54.25p (53.75p); January 54.75p (54.22p). The Kuala Lumpur fob price for RSS No 1 was 180.5 (179.5) cents a kg and for SMR 20 was 160.5 (158.5).

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady after early fall

The dollar held steady for most of the day, after an early decline on the foreign exchanges. Trading was qoiet. The initial fall was again led by tho strength of the Japanese yen, prompted by the statement from Mr Satoshi Sumita, governor of the Bank of Japan, that the central bank will check any dollar rebound against the yen and continue to promote the yen's rise. The dollar fell to its lowest level against the yen since February 1981, as holders of dollars in Japan, including some large exporting companies, sold the currency in expectation that the monetary authorities would prevent any recovery above Y210. A fall of 14.1 per cent in October US car sales was another depressing factor and was expected to have 9 nadverse effect on retail sales figures, due for pnblication next Thursday. These are now forecast to show a fall of 2 per cent to 3.5 per cent, compared with a rise of 2.7 per cent in September.

The dolar fell to DM 2.5990 from DM 2.6135; FFr 7.92 from FFr 7.9675; SFr 2.14 from SFr 2.1510; and Y205.25 from Y207.95.

On Bank of England figures the dollar's index fell to 129.1 from 129.4.

STERLING — Trading range against the dollar in 1985 is 1.4410 to 1.525. October average 1.4217. Exchange rats index fell 0.3 to 80.0, closing on the day's low and trading in s narrow range, opening st 80.1 and touchinng s peak of 80.2 at various times. Six months ago the index was 77.6.

Sterling maintained a nervous undertone, losing ground on the cross rates agoinsi Continentel currencies and the yen. It also made only modest ground in terms of the weaker dollar. High London interest rates, and no prospect of any early fall, continued to lend support to the pound, but nervousness about oil prices tended to erode confidence. Venezuela's cut of 40 cents s barrel in the price of its heevy crude was regarded as a reaction to e similar move by Mexico last week, but contributed to softness of the pound. Sterling gained 35 points to $1.4360-1.4370, but fell to DM 3.7325 from DM 3.7450; FFr 11.3775 from FFr 11.4175; SFr 3.0750 from SFr 3.0825; and Y295 from £298.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.5960. October average 2.6443. Exchange rate index 128.1 compared with 119.7 six months ago.

The D-mark was slightly firmer against the dollar in quiet Frankfurt trading. The strength of ibe yen in Tokyo gave European currencies a lift against the dollar, bui the D-mark continued to lose ground to the Jepanese unit. The Bundesbank did not intervene when the dollar was fixed at DM 2.6048, compared with DM 2.6110, and was elso 1.2655 per 100, against DM 1.2550 central bank has not intervened et a Frankfurt fixing session since it sold DM 1.8m on October 29. At the fixing the dollar was stronger than eppeared likely in early trading, when the currency fell to DM 2.5960. A large buying order, possibly from the Middle East, and estimated at around $500m helped it recover, and dealers commented that without this boost the dollar would have fallen below DM 2.59. The US currency closed in Frankfurt at DM 2.6025, compared with DM 2.6040 on Tuesday. The yen was fixed et DM not seen on the open market. The previously and around DM 1.17 before the Group of Five meeting in late September.

£ IN NEW YORK

	Nov. 6	Prev. close
£ Spot	$1.4340-4350	$1.4345-4355
1 month	0.45-0.43 pm	0.43-0.42 pm
3 months	1.28-1.24 pm	1.21-1.16 pm
12 months	3.80-3.70 pm	3.72-3.62 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT — FORWARD AGAINST POUND

Nov 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4325-1.4405	1.4360-1.4370	0.42-0.39c pm	3.38	1.25-1.20 pm	3.41
Canada	1.9740-1.9815	1.9755-1.9785	0.51-0.42c pm	2.82	1.48-1.38 pm	2.84
Nethlnd.	4.20½-4.22¼	4.20¾-4.21¾	2-1⅞c pm	5.52	5⅞-5¾ pm	5.46
Belgium	75.43-75.75	75.50-75.60	20-15c pm	2.78	58-50 pm	2.89
Denmark	13.50¾-13.57	13.52¼-13.53¼	3½-2½ore pm	2.33	9¼-8¼ pm	2.57
Ireland	1.2065-1.2105	1.2066-1.2075	0.21-0.07p pm	1.39	0.550.24 pm	1.31
W. Ger.	3.72½-3.74½	3.72½-3.73½	2¼-2⅛pf pm	7.03	6½-6¼ pm	6.83
Portugal	220¼-234½	231¼-234¼	145-05c dis	−14.18	515-1315dis	−15.73
Spain	229.57-230.41	229.85-230.10	10-35c dis	−1.17	115-180 dis	−2.57
Italy	2518¼-2529	2520½-2521½	1-6lire dis	−1.67	8-14 dis	−1.75
Norway	11.22¾-11.27	11.24-11.25	½-1¼ore dis	−0.90	2-3½ dis	−0.91
France*	11.35¾-11.41¼	11.37¼-11.38¼	2½-2c pm	2.37	6½-5¾ pm	2.04
Sweden	11.20¾-11.26¾	11.22½-11.23½	2½-3½ore dis	−2.84	5⅞-7 dis	−2.29
Japan	294½-296	294½-295½	1.14-1.04y pm	4.43	2.99-2.86 pm	3.97
Austria	26.20-26.31	26.25-26.30	14½-12½gro pm	6.08	39½-35 pm	5.66
Switz.	3.07-3.08¼	3.07-3.08	2¼-2c pm	8.29	5⅞-5½ pm	7.48

Belgian rate is for convertible francs. Financial franc 76.00-76.10. Six-month forward dollar 2.30-2.26c pm. 12-month 3.85-3.70c pm.
* Correction (November 5) FFr close was 11.41¼-11.42¼.

DOLLAR SPOT — FORWARD AGAINST DOLLAR

Nov 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4325-1.4405	1.4360-1.4370	0.42-0.39c pm	3.38	1.25-1.20 pm	3.41
Ireland†	1.1863-1.1912	1.1897-1.1907	0.25-0.15c pm	2.02	0.75-0.60 pm	2.10
Canada	1.3753-1.3775	1.3765-1.3776	0.05-0.08c dis	−0.57	0.17-0.22dis	−0.57
Nethlnd.	2.9270-2.9405	2.9315-2.9325	0.55-0.52c pm	2.19	1.55-1.52 pm	2.09
Belgium	52.60-52.75	52.95-52.65	1-2½c dis	−0.40	6-8 dis	−0.53
Denmark	9.41-9.44¾	9.41½-9.42	½-1ore dis	−0.96	1¾-2¼ dis	−0.85
W. Ger.	2.5960-2.6070	2.5985-2.5995	0.81-0.76pf pm	3.62	2.24-2.19 pm	3.41
Portugal	161½-163	162-163	150-325c dis	−17.54	500-1060dis	−19.08
Spain	159.80-160.40	159.85-160.05	55-75c dis	−4.87	225-300 dis	−6.56
Italy	1,752-1,760	1,754½-1,755½	8-8½lire dis	−5.63	23-24 dis	−5.35
Norway	7.81¼-7.84	7.82½-7.83	2½-3ore dis	−4.21	8½-8¾ dis	−4.34
France	7.91-7.94½	7.91¾-7.92¼	0.65-0.75c dis	−1.06	2.65-2.95dis	−1.41
Sweden	7.81-7.83	7.81½-7.82	3½-4½ore dis	−6.14	11-11½ dis	−5.75
Japan	205.00-206.10	205.20-205.30	0.18-0.15y pm	0.96	0.29-0.25 pm	0.53
Austria	18.23-18.32	18.23-18.26	4½-3½gro pm	2.54	11½-9 pm	2.24
Switz.	2.1366-2.1455	2.1395-2.1405	0.92-0.87c pm	5.01	2.29-2.24 pm	4.23

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 52.90-53.00.

EXCHANGE CROSS RATES

Nov. 6	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.437	3.733	295.0	11.38	3.075	4.213	2591.	1.977	75.65
$	0.696	1.	2.599	205.3	7.920	2.140	2.932	1755.	1.378	52.60
DM	0.268	0.385	1.	79.04	3.048	0.824	1.129	675.4	0.530	20.24
YEN	3.390	4.969	12.65	1000.	38.57	10.43	14.28	8546.	6.702	256.1
F Fr.	0.879	1.263	3.281	259.3	10.	2.703	3.702	2210.	1.738	66.47
S Fr.	0.325	0.467	1.214	95.93	3.700	1.	1.370	819.8	0.643	24.60
H Fl.	0.237	0.341	0.886	70.08	2.701	0.730	1.	598.5	0.469	17.96
Lira	0.397	0.570	1.481	117.0	4.513	1.220	1.071	1000.	0.784	29.97
C $	0.506	0.727	1.888	149.2	5.756	1.560	2.151	1270.	1.	38.21
B Fr.	1.324	1.901	4.940	390.5	15.06	4.070	5.575	3337.	2.617	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Nov. 6	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11⅛-11½	11½-11⅝	11⅝-11¾	11⅝-11¾	11⅝-11⅝	11⅝-11¾
U.S. Dollar	8⅜-8⅛	8⅛-8⅜	8⅛-8⅛	8⅛-8⅜	8¼-8⅜	8⅜-8⅝
Can Dollar	8¼-8½	8¼-8⅜	8⅝-8⅞	8⅝-8⅞	8⅝-8⅞	8⅞-9⅛
D Guilder	5-5⅛	5-5⅛	5⅜-5½	5⅜-5½	5-5⅛	5-5⅛
Sw. Franc	1⅛-1⅜	3⅛-3⅜	3⅞-4⅛	4⅛-4⅜	4¼-4⅜	4¼-4½
Deutschmrk	4⅝-4⅞	4⅝-4⅞	4½-4⅝	4⅝-4¾	4¾-4⅞	4¾-4⅞
Fr. Franc	9⅛-9⅜	9⅛-9⅜	9⅛-9⅜	9⅛-9⅜	10⅛-10⅜	10¾-10⅞
Italian Lira	13-14½	13⅝-14⅛	16⅛-16⅞	13¼-13⅝	13⅛-13⅞	13⅞-14
B.Fr./Finl.	8⅜-8⅝	8½-8⅝	8⅝-8⅞	8⅝-8⅞	8⅝-9	8⅞-9⅛
B.Fr.(Con)	8⅜-8⅝	8⅝-8⅞	8⅝-8⅞	8⅝-8⅞	8⅝-9	8⅞-9⅛
Yen	7-7⅛	7⅛-7¼	7¼-7⅜	7⅜-7½	7¼-7⅜	7⅜-7½
D. Krone	9-9½	8⅝-9¼	9-9½	9-9½	9-9½	9¼-9¾
Asian $ (Sng)	8⅛-8¼	8⅛-8¼	8⅛-8⅜	8⅛-8⅜	8⅛-8⅜	8¼-8⅜

Long-term Eurodollars: two years 9-9⅛ per cent; three years 9¼-9⅜ per cent; four years 9½-9⅝ per cent; five years 9⅞-10⅛ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

Nov. 6	Bank of England Index	Morgan Guaranty Change %
Sterling	80.0	−10.4
U.S. dollar	129.1	+17.6
Canadian dollar	83.0	−9.0
Austrian schilling	118.8	+5.1
Belgian franc	92.3	−9.5
Danish Kroner	82.0	−3.0
Deutsche mark	128.1	+10.0
Swiss franc	151.1	+13.1
Guilder	118.5	+5.5
French franc	68.9	−12.4
Lira	44.7	−16.7
Yen	176.8	+29.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Nov. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.750073	0.590801
U.S. $	7½	1.07703	0.848981
Canadian $	8.78	*	1.16820
Austria Sch.	4	19.7387	10.5194
Belgian Fr.	9	56.6679	44.0734
Danish Kr.	7	10.1029	8.00339
D mark	4	2.80545	2.20871
Guilder	5	3.15893	2.49094
French Fr.	9½	8.53977	6.73200
Lira	15½	N/A	1490.81
Yen	5	296.407	174.506
Norway Kr.	8	8.43530	6.64413
Span'h Pta.	—	178.587	135.922
Swedish Kr.	10½	N/A	6.63775
Swiss Fr.	4	2.30918	1.81760
Greek Dr'ch.	20½	165.184	129.903
Irish Punt	—	N/A	0.714029

* C$/SDR rate for Nov 5: 1.47643.

OTHER CURRENCIES

Nov. 6	£	$
Arg'tina	1.1481-1.1604	0.8000-0.8010
Aus'alia	2.1075-2.1716	1.5130-1.5155
Brazil	12400-12478	8.640-8.6585
Finland	8.0065-8.0905	5.5860-5.5880
Greece	217.74-222.43	151.37-154.49
H'kong	11.1966-11.2248	7.8020-7.8050
Iran	124.90*	85.65*
Kuwait	0.4195-0.4200	0.2924-0.2925
Lux'burg	75.50-75.60	52.55-52.65
Malay'sia	3.4720-3.4880	2.4715-2.4475
N'Z'land	2.4555-2.4685	1.7020-1.7065
Saudi Ar.	5.2345-5.2415	3.6510-3.6515
Sin'pore	3.0298-3.0358	2.1135-2.1155
S.Af.(Cm)	3.7250-3.7390	2.5975-2.6070
S.Af.(Fn)	5.2620-5.4630	3.6595-3.8095
U.A.E.	5.2685-5.2750	3.6720-3.6730

* Selling rate.

FUTURES AND OPTIONS

Bond in demand

US Treasury bonds remained the main driving force in futures trading yesterday. The December contract showed further good volume on the London International Financial Futures Exchange, with the price boosted by hopes of a cut in the Federal Reserve's discount rate. A sharp fall of 14.1 per ceot in US car sales during October was the result of ending low-rate financing schemes early in the month, end is expected to have en impact on October US retail sales figures, released next Thursday. Market expectations are for e fall of 2 per cent to 3.5 per cent. Third quarter US Gross Netionel Product growth is elso forecest to be revised down on November 21, from last month's estimate of 3.3 per ceot. A cut in Venezuela's price for crude oil was elso regarded as an encouraging factor for inflation which, coupled with sluggish economic growth, mey encourage the Fed to cut interest rates.

Bonds for December delivery opened et 79-07, the day's low, and touched a peak of 79-21, before easing back on profit-taking to close et 79-15, compared with 79-06 previously.

Eurodollar futures were steedy, with volume on Liffe equally divided between December delivery, and dates next year. A high Federal funds rate of 8⅛ per cent continued to restrict eny upward move in prices. The December contract opened end closed at 92.02, compared with 92.03 on Tuesday, and traded in a narrow range of 92.00 to 92.05.

December long gilt futures weakened, with selling increasing when the contract fell below a technical support level of 112-24. Disappointment et the failure of the gilt merket to benefit from the strength of US Treasury bonds was coupled with some concern about the high level of borrowing indicated in the latest UK banking figures.

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Dec	112-13	113-01	112-12	112-28
March	112-15	—	—	112-30
June	—	—	—	—
Sept	111-15	—	—	111-30

Est. volume 4,164 (2,424)
Previous day's open int. 5,111 (5,630)
Basis quote (clean cash price of 13½% Treasury 2004-08 less equivalent price of near futures contract) −8 to +3 (32nds).

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
Dec	97-48	97-59	97-47	97-58
March	97-61	—	—	98-07

Est. volume 572 (473)
Previous day's open int. 1,596 (1,621).

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Dec	88.52	88.54	88.50	88.54
March	89.04	89.05	89.02	89.02
June	89.38	89.38	89.36	89.38
Sept	89.45	89.46	89.43	89.43
Dec	89.43	89.40	89.34	89.32

Est. volume 1,072 (1,498)
Previous day's open int. 6,765 (6,842)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Dec	138.95	140.00	138.40	138.65
March	141.25	141.50	141.00	139.85

Est. volume 408 (466)
Previous day's open int. 1,983 (1,922)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	92.02	92.05	92.00	92.03
March	91.89	91.87	91.82	91.84
June	91.54	91.58	91.53	91.54
Sept	91.15	91.22	91.17	91.15
Dec	90.82	90.82	90.81	90.82

Est. volume 3,494 (6,070)
Previous day's open int. 21,040 (20,877)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	79-16	79-21	79-07	79-06
March	78-03	78-03	78-01	77-28
June	76-31	—	—	76-23

Est. volume 4,645 (4,180)
Previous day's open int. 4,401 (4,680)

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	23.70	23.70	24.10	—	0.10	0.30	0.80	—
1.25	18.70	18.70	19.00	—	0.15	0.56	1.40	10
1.30	13.70	13.80	14.30	—	0.20	1.30	2.60	—
1.35	8.70	8.80	10.40	11	0.35	2.40	4.10	—
1.40	4.10	6.80	7.70	20	1.20	4.10	5.90	28
1.45	1.45	3.50	5.10	—	3.50	5.90	8.90	—
1.50	0.55	2.10	3.40	—	7.60	10.40	12.20	—

Previous day's open int: Calls 8,513, Puts 8,511

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	13.40	—	—	10	—	—	—	—
1.35	—	9.30	—	80	0.20	—	—	2,250
1.40	4.00	—	—	10	—	3.65	—	12
1.45	1.30	—	—	2	—	—	—	—
1.50	—	1.96	—	8	—	—	—	—

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
90.00	2.02	1.84	1.62	—	0.00	0.01	0.08	—
90.50	1.52	1.36	1.19	—	0.00	0.03	0.15	—
91.00	1.02	0.91	0.81	—	0.00	0.08	0.27	200
91.50	0.54	0.53	0.50	—	0.02	0.20	0.46	40
92.00	0.17	0.25	0.27	20	0.15	0.42	0.73	50
92.50	0.02	0.09	0.12	40	0.50	0.76	1.08	—
93.00	0.00	—	—	—	0.98	—	—	—

Previous day's open int: Calls 2,886, Puts 2,740

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	23.55	23.55	23.55	—	0.00	0.16	0.61	—
1.25	18.55	18.55	18.55	—	0.00	0.44	1.26	—
1.30	13.55	13.55	13.55	—	0.01	1.09	2.35	—
1.35	8.55	9.09	9.81	—	0.14	2.29	3.86	10
1.40	3.91	6.01	7.02	140	0.86	4.21	6.17	252
1.45	1.28	3.71	5.83	9	3.33	6.91	8.88	9
1.50	0.28	2.13	3.20	6	7.31	10.33	12.35	—

Previous day's open int: Calls 9,809, Puts 16,621

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	79-16	79-22	79-08	79-06
March	78-05	78-11	77-29	77-27
June	77-00	77-08	76-26	76-22
Sept	75-31	76-03	75-29	75-20
Dec	74-31	75-03	74-26	74-21
March	74-02	74-06	74-02	73-24
June	—	—	—	72-30
Dec	71-31	71-31	71-31	71-18
March	—	—	—	70-31

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	92.95	92.97	92.94	92.94
March	92.82	92.83	92.79	92.80
June	92.55	92.58	92.55	92.53
Sept	92.23	92.28	92.23	92.21
Dec	91.91	91.92	91.91	91.90
March	91.90	91.60	—	91.58
June	—	—	—	91.31
Sept	—	—	—	91.05

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	92.33	92.33	92.33	92.31
March	92.15	92.19	92.15	92.13
June	91.84	91.84	91.84	91.81
Sept	—	—	—	91.46

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	92.02	92.05	92.02	92.02
March	91.83	91.86	91.82	91.82
June	91.52	91.56	91.52	91.51
Sept	91.17	91.20	91.17	91.15
Dec	90.82	90.85	90.82	90.81
March	90.49	90.52	90.43	90.48
June	90.20	90.20	90.20	90.18
Sept	89.82	89.95	89.93	89.91

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4365	1.4325	1.4243	1.4137	1.3988

IMM—STERLING $e per £

	Latest	High	Low	Prev
Dec	1.4300	1.4325	1.4280	1.4270
March	1.4175	1.4210	1.4165	1.4150
June	1.4075	1.4100	1.4050	1.4060

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4295	1.4330	1.4285	1.4300
March	1.4190	—	—	1.4185
June	1.4085	—	—	1.4080

Est. volume 53 (121)
Previous day's open int. 3,318 (3,346).

LIFFE—DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3851	0.3865	0.3850	0.3846
March	0.3892	0.3884	0.3884	0.3877
June	0.3923	—	—	0.3909

Est. volume 23 (15)
Previous day's open int. 465 (460)

STERLING INDEX

	Nov. 6	Previous
8.30 am	80.1	80.4
9.00 am	80.2	80.4
10.00 am	80.2	80.3
11.00 am	80.1	80.3
Noon	80.2	80.3
1.00 pm	80.1	80.2
2.00 pm	80.1	80.3
3.00 pm	80.0	80.2
4.00 pm	80.0	80.3

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu November 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.5734	−0.35	+0.54	±1.5425
Danish Krone	8.12857	8.00334	−1.54	−0.66	±1.6421
German D-mark	2.23840	2.20879	−1.32	−0.44	±1.1455
French Franc	6.86402	6.73200	−1.92	−1.04	±1.3654
Dutch Guilder	2.52208	2.49091	−1.24	−0.36	±1.5162
Irish Punt	0.724578	0.714029	−1.46	−0.58	±1.6673
Italian Lira	1520.60	1490.81	−1.96	−1.73	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

MONEY MARKETS

Frankfurt and London rates steady

The conncil of the German Bundeebank meets today, but is not expected to change monetary policy. Mr Karl Otto Poehl, president of the central bank, said recently there was no question of following Jopan in raising interest rates to influence currency values. It has been suggested that the Bundesbank's reluctance to increase rates reflects concern at the level of German industrial output. Inflation of 1.8 per cent is the lowest among comparable European economies, but unemployment remains bigh et 2.15m in October. In the present circumstances money market retes are expected to remain aronnd 4.50 per cent in the near future. Call money was steady at 4.50 per cent in Frankfurt, with the net drain of DM 1.4bn from smaller Bundesbank securities repurchase agreements having little impact.

In London money market trading remained quiet and featureless. Three-month interbank closed unchanged at 11⅝-11¾ per cent, end discount houses buying rates for three-month bank bills remained at 11⅝ per cent.

The Bank of England initially forecast s money market shortage of £700m, but changed this to £650m st noon, and to £600m in the efternoon. Total help provided was £600m.

Before lunch the authorities bought £285m bills outright, by way of £1m bank bills in band 1 at 11⅜ per cent; £103m bank bills in band 2 at 11⅝ per cent; £40m Treasury bills end £115m bank bills in band 3 at 11⅝ per cent; and £26m bank bills in band 4 at 11⅝ per cent.

In the afternoon another £135m bills were purchased outright, through £3m bank bills in band 1; £164m bank bills in band 2; £38m bank bills in band 3; and £40m Treasury bills and £70m benk bills in band 4, all at unchanged rates.

Bills moturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £258m, with Exchequer transactions absorbing £10m; the unwinding of repurchase agreements £317m; e rise in the note circulation £100m; and bank balances below target another £15m.

In New York the Federal Reserve injected $1.5bn of temporary reserves into the banking system, through customer repurchase agreements, when Federal funds were trading et 8⅛ per cent.

UK clearing banks base lending rate 11½ per cent since July 30

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9¼-9
Fed funds	8½
Fed funds at intervention	8½
Treasury Bills & Bonds	
One month	7.10
Two month	7.21
Three month	7.49
Six month	7.70
One year	8.35
Two year	8.90
Three year	8.92
Four year	9.16
Five year	9.35
Seven year	9.70
10 year	9.89
30 year	10.15

MONEY RATES

Nov. 6	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Interv'ntion
Frankfurt	4.45-4.55	4.0-4.7	4.75-4.85	4.75-4.90	4.80-4.95	0.5
Paris	9⅛	9⅛-9¼	9⅛-9¼	9⅛-9¼	9⅛-9⅜	9⅛
Zurich	7⅛-1⅛	3⅛-3⅜	—	4⅛	—	—
Amsterdam	0-0⅛	0⅛-8⅛	—	5⅛-6⅛	6-6⅛	—
Tokyo	7.09375	7.40625	—	7.65625	—	—
Milan	14⅝-14⅝	14⅝-15	—	14⅝-15	—	—
Brussels	0.50	8⅝-9¼	—	8¾-8⅞	—	—
Dublin	9¾-10	9⅞-10⅛	10-10¼	10⅛-10⅜	10¼-10½	—

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov. 6)

Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/16	offer 8 3/16	bid 8 1/16	offer 8 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Nov. 6	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8-11⅝	11⅜-11⅝	11⅝-11¾	11⅝-11¾	11⅝-11¾	11⅝-11¾
Sterling CDs	—	—	11⅝-11⅝	11⅝-11⅝	11⅝-11⅝	11⅝-11⅝
Local Authority Depos	11⅜-11⅝	11⅝-11⅝	11⅝	11⅝	11⅝	11⅝
Local Author'y Bonds	—	—	12⅛	12	11⅞	11⅞
Discount Mkt Depos	3-11⅝	11⅝-11½	11½	11⅝	—	—
Company Depos	10-11¾	11¾	11¾	11¾	—	—
Finance Hse Depos	—	—	11⅝	11⅝	11⅞	11⅞
Treasury Bills (Buy)	—	—	11⅝	11⅝	—	—
Bank Bills (Buy)	—	—	11⅝	11⅝	10⅞	—
Fine Trade Bills (Buy)	—	—	11⅞	11⅞	11⅞	—
Dollar CDs	—	—	7.90-8.00	7.90-8.00	7.90-8.00	8.15-8.25
SDR Linked Depos	—	—	7⅛-7⅜	7⅞-8⅛	7⅞-8⅛	8-8¼
ECU Depos	—	—	8⅝-9⅛	8⅝-9⅛	8½-8⅝	8¾-8⅞

Treasury Bills (sell): one-month 11⅝ per cent; three-months 11⅜ per cent. Bank Bills (sell): one-month 11⅝ per cent; three-months 11⅜ per cent. Treasury Bills: Average tender rate of discount 11.1373 per cent. ECGD Fixed Finance IV: October 5 to November 5 (inclusive): 11.698 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from November 1 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Certificates of Tax Deposits (Series 8): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11⅜ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-13 months 11 per cent. Under £100,000 10¾ per cent from October 2. Deposits held under Series 5 11 per cent. Deposits withdrawn for cash 7¼ per cent.

Company Notices

QUEBEC CENTRAL RAILWAY COMPANY

CAPITAL STOCK

In preparation for the payment of the half-yearly dividend due January 15 1986 on the above Stock, the Transfer Books will be closed at 3.30 p.m. on December 13 and will be re-opened on December 17 1985.

W. L. BLEVE,
Assistant Secretary.

50 Finsbury Square,
London EC2A 1DD.
November 7 1985.

Corrected Notice

CORRECTED NOTICE

CYDSA, S.A.

FLOATING RATE NOTES DUE 1988-1991

NOTICE IS HEREBY GIVEN that for the Interest Period commencing November 7, 1985 the Notes will bear interest at the rate of 9⅛% per annum. The interest payable on February 7, 1986, against Coupon No. 5 will be U.S. $253.96 per U.S. $10,000 Note.

Agent Bank
ORION ROYAL BANK LTD

Obituary

JENKINS—On November 3rd in his 00th year, Sir Evan Meredith Jenkins, G.C.I.E., K.C.S.I., Indian Civil Service. Funeral Service at Putney Vale Crematorium on Friday, November 8th 1985, at 12.30 p.m. No flowers, by request.

Personal

THE MARRIAGE BUREAU (Heather Jenner), 124, New Bond Street, W1. 01-629 9634 (Est 1939.)

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

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Financial Times, 10 Cannon Street, London EC4P 4BY

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101	99	Exch. 13¼pc '86	99	....	11.76	11.53
99	91	Treas 10pcCnv 1986	99	....	10.0	11.41
96½	92¼	Treas 3pc 1986	96 xd	+	3.12	10.65
100	97½	Exch. 10½pc Cv '86	99 xd	....	10.53	11.25
101⅞	99¼	Treas 12pc 1986	100½ xd	....	11.94	11.26
98½	94¾	Treas 8¼pc 1984-86‡‡	98	....	8.65	11.08
105	102	Exch. 14pc 1986	102	–	13.65	11.14
94½	87¼	Exch. 2½pc 1986	94½ xd	....	2.65	8.27
104	101¼	Exch. 13¼pc 1987	102	–	12.91	10.75
99	96½	Treas 10¼pcCv '87	99	–	10.34	10.91
93¼	85½	Exch 2½pc 1987	92¼	....	2.70	0.48
100	96¼	Exch 10½pc 1987	99½	–	10.55	10.81
95	89	Funding 6½pc '85-87‡‡	95	....	6.84	10.24
99	95½	Treas. 10pc 1987	98⅞ xd	–	10.11	10.84
91½	84¼	Treas 3pc 1987	91¼	–	3.29	8.77
102	99¾	Treas. 12pc 1987	102 xd	–	11.76	10.82
95	90¼	Treas 7¾pc 1985-88‡‡	94	....	8.18	10.45
100	95½	Exch 10½pc '88	99⅝ xd	–	10.54	10.70
98¼	93¼	Treas 9½pc Cv '88	97	–	9.98	10.77
87	80	Transport 3pc '78-88	86¾	....	3.45	8.64
97¼	91½	Treas. 9½pc '88	96¾	....	9.81	10.75
102⅝	97½	Treas 11½pc 1989	102¼	–	11.26	10.67
97	90¾	Treas 9½pc Cnv. '89	96¼	–	9.82	10.65
84	79	Treas 3pc 1989	83⅞ xd	....	3.58	8.39
99⅞	94	Treas 10½pc 1989	99	–	10.57	10.72
98¼	92	Exch 10pc 1989	97¾	–	10.22	10.68
101	95	Exch 11pc 1989	100⅞	–	10.90	10.70
86¼	70	Treas 5pc 1986-89	86	....	5.81	9.30
108	103¼	Treas 13pc 1990‡‡	100	–	12.04	10.56
101⅝	96	Exch 11pc 1990‡‡	101	–	10.89	10.66
108⅜	100¼	Exch. 12½pc 1990	106½	–	11.75	10.64
80½	75¼	Treas. 3pc 1990	80½ xd	+	3.73	8.28
93¼	87¼	Treas 8¼pc 1987-90‡‡	92¼	–	8.94	10.37
101⅛	91⅞	Treas. 10pcCv 1990	97	–	10.26	10.66

Five to Fifteen Years

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
45	34	Maclellan (P & W) 20p	44	–1	t1.7	2.3	5.5	9.1
77	46	Magnolia Group	74		2.6	3.0	5.0	9.0
48	28	Mainmet Hldgs 10p	45		—	—	—	75.5
515	202	Man. Ship Can. £1	508	+1	5.5	1.5	1.3	26.7
114	70	Marley	110½	–3½	3.75	2.2	4.8	13.4
107	52	Marling Ind. 10p	94	+2	4.15	5.1	2.3	12.0
82	36	Marshall L'ey. 'A'	78	+2	12.4	4.9	4.4	3.6
77	55	Marshall's Universal	58xd		12.0	1.4	4.9	18.6
86	78	Do. 7½pcCoRedPf £1	84		7½%	—	12.0	—
£99	£81	Mathesons 7½%	£99		07½%	2.3	8.0	—
35	15	Maxiprint 1p	17		—	—	—	—
548	375	Metal Box £1	543		17.25	3.1	4.5	8.2
170	110	Metal Closures	118		6.7	2.0	8.1	7.4
17	5	Metal Sciences 2½p	7½		—	—	—	—
104	63	Midland Marts	78		4.0	2.1	7.4	9.2
103½	55½	Mitchell Cotts	79	–1	4.25	◆	7.9	◆
230	182	Morgan Crucible	203	–3	8.0	1.6	5.7	13.0
33	22	Morris (W) F.A. 20p	26		0.5	◆	2.7	◆
131	91	Moss (Robt.) 10p	125	+1	3.0	2.5	3.4	13.0
81	60	Myson Grp 10p	63½		2.5	3.4	3.7	11.9
328	214	N&W Computers	275		4.8	2.7	2.5	21.1
43	28	Nash Inds.	32		2.5	1.5	‡	7.4
48	16	Neil & Spencer 10p	16		—	—	—	4.8
44	14½	Newman Inds 10p	28		2.0	—	1.5	13.2
46	26	Nolton	45	+2	1.17	◆	3.7	◆
234	146	Norcros	214	+1	8.6	2.2	5.7	10.7
67	45	Nu-Swift 5p	51		7.0	1.9	8.4	8.3
114	68	Oakwood Grp	100	–3	4.5	1.4	6.4	14.2
250	150	Office & Elect	214xd		17.5	2.6	5.0	11.0
108	75	Oldacre 20p	88	–4	4.0	2.6	6.3	7.8
58	37	Opsometrics $0.01	45		0.2	—	3.5	—
495	312½	Oriflame £1	450		23.4	1.8	5.2	10.7
18	6	Overstone 12½p	8		0.23	1.9	10.5	5.0
£200	£158	Ozalid 9pc Cnv 07-92	£200		09%	—	—	—

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

Merger bid or reorganisation in progress
Not comparable
Same interim: reduced final and/or reduced earnings indicated
Forecast dividend; cover on earnings updated by latest interim statement
Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided
No par value

B.Fr. Belgian Francs. Fr. French Francs. Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98		Arnotts	220	+2
Craig & Rose £1	700		CPI Hldgs.	63	
Finlay Pkg 5p	54		Carroll Inds.	139	
Higsons Brew	255		Dublin Gas	85	
Holt (Jos) 25p	715		Hall (R & H)	60	
IoM Stm. £1	88	–4	Heiton Hldgs.	21	
IRISH			Irish Ropes	45	
Fund 11¼% 1980	£100⅞	–⅛	Unidare	110	–2
Nat 9¾% 84/89	£96¼	–⅛	For Jacob (W & R) see Foods		
Fin. 13% 97/02	£104¾	–¼			

"Recent Issues" and "Rights" Page 42 (International Edition Page 34)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Further institutional buying pushes leading shares gently higher to new peaks

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 28	Nov 7	Nov 8	Nov 18
Nov 11	Nov 21	Nov 22	Dec 2
Nov 25	Dec 5	Dec 6	Dec 16

* "New-time" dealings may take place from 9.30 am two business days earlier.

Although the frenetic activity of recent trading sessions was lacking in London yesterday, leading equities slowly but surely progressed to new all-time highs. After a negativa start and with the minimum of fuss, the FT Ordinary share index gained ground at each calculation te close ot its highest point, up 7.8 at a record 1,081.3. Its broader-based counterpart, the FT-SE 100 share index performed similarly and rose 11.3 te a best-ever 1,395.0.

Tha opening business gave little indication of the events in store for tha market. The latest upsurge in bank lending was disappointing and o cloud remained over oil prices. Furthormore reports ouggested that tha Government would shortly announce details ef the sale of its remaining 23 per cent holding in Cable and Wireless, which would coincide with the group's decision to make a substantial rights issue of new shares. Plessey's failure to gain the US Ptarmigan contract, awarded to a French group, was another piece of bad news and the tone was expected to be easier.

The baleaguered Electrical sector, bowever, showed resiliance and insititutional operators renewed their interest in a range of blue chip issues. Fund managers refused to chase values higher but their persistent inquiries for selected industrials aggravatod stock shortages and prices rose. As the firmness spread, profit-taking in secondary industrials dried up.

Financial and Store shares led the advance with the latter bolstored still by hopes of increased consumer spending. Composite Insurances moved higher ahoad of the third-quarter results' season, which starts next week, whils clearing and merchant banks revived strongly. Secondary Brewery stocks also featured a session which most traders described as less than spectacular but still impressive by any standards.

A confident sceno was marred only by the tone in Government bonds. Prices bere oased on the majority view that this yoar's Public Sector Borrowing Requiremont could be higher than official forecasts. Tho market attempted initially to improve but it soon came into lino with tho trend in Gilt futures. This was oasier and longer-dated Government stocks slipped to close around ½ down. Thoughts that UK interest rates were likely to remain at current levels for a while was a doterrent to buyers.

Mercury Secs up again

Mercury Securities cootinued to highlight merchant banks, rising a further 35 to o 1985 peak of 665p on persistent demand fuelled by rumours that US interests have built up a strategic stake in the company; stockjobbing concern Akroyd and Smithers jumped 35 to 495p in sympathy. Hill Samuel, meanwhile, advanced 12 to 355p in anticipation of good intorim results tomorrow. Cloaring banks shrugged aside receot Mexican debt uncertainties and rose sharply following revived support which continued after-hours. Lloyds led the way with a gain of 23 at 476p, while Barclays rose 18 at 433p and NatWest eppreciated 14 at 696p. Midland, the subject of takeover speculation recently, moved up 6 at 446p. Bank of Scotland, having been overlooked of lale, advanced 15 to 440p. Among Hire Purchases, Woodchester jumped 6 more to 140p on bid bopes.

Composite Insurances showed to advantage with Commercial Union a few pence better at 258p and General Accident 5 higher at 712p, ahead of their respective third-quarter profit statements due next Wednesday.

Among recently-issued equities, Uoderwoods, the specialist multiple retailer, advanced 5 more to 209p—a premium of 29 over the striking price of 180p.

Distillers remained a volatilo market; dewn to 445p in early trading reflecting occasional profit-taking, tho shares responded to bear closing and touched 458p before settling 5 dearer on balance at 455p. Leading Breweries wera highlighted by Whitbread "A" which advanced 8 to 270p; the company is scheduled to kick off the latest dividend season on November 20. Rogionals featured fresh strength in Matthew Brown which spurted 23 moro to 463p amid mounting bopes that any new offer from Scottish and Newcastlo, a penny harder at 188p, will receive tho green light from tho Trade and Industry Secretary.

Buildings mado an irregular showing. Blue Circle softeoed 3 to 582p and Redland lost the turn at 344p, but RMC continued to attract buyers and firmed 4 more to a year's high of 476p. BPB Industries, interim results duo at the end of the month, hardened a couplo of pence to 330p, but Rugby Portland Cement came on offer following a broker's adverse circular and shed 3½ to 141½p. Elsewhere, French Kier edged up 5 to 215p and Ward Holdings rallied 4 to 238p, but John Mowlem, a firm market recently on Dartford Tunnel project bopes, fell 10 to 334p following a broker's "sell" recommondation. Scattered offerings in tho absence of any bid dovolopments left Bellway 8 lower at 142p, but revived demand in a restricted market lifted H. J. Baldwin 18 to 58p. Meyer International attracted speculativo buying and put on 8 to 176p as rumours that Adelaido Steamship bad sold its stake in tho company resurfaced. Brick concern Ibstock Johnsen found support at 176p, up 6.

Among Chemicals, Croda International touched 138p prior to closing a net 3 up at 136p following suggestions of a bid worth 200p per share from Tenneco. Yorkshire Chemicals, anotbor of the sector's old takeover favourites, added 2 to 66p. ICI sbed 8 to 669p on lack of intorest.

Stores wanted

Hopes of a pre-Christmas spending boom continued to boost leading Stores. Sentiment was given a further fillip when the prospect of Sunday trading was enhanced by tho Queen's speech. Tho upshot was that British Home closed 9 to the good at 327p and Burton 8 up at 578p. Dixons gained 7 to 944p, while Marks and Spencer, at 185p, and Woolworth, at 604p, rose 3 and 4 respectively. Elsewhore, Holeno of London improved a couple of pence to 27p in reply to an investment recommendation, whilo Dunhill put on 8 to 363p. Vantona, however, foll 12 to 444p following profit-taking and S. R. Gent came on offer at 68p, down 6.

Electrical leaders enjoyed one of their best days for somo time, in particular Plessey and Racal, both of which encountered a considerable amount of buying interest. News that the former had been beaten by the French in the fight for the Ptarmigan contract was quickly shrugged aside, with Plessey moving ahead quite strongly in response to several brokers' recommendations to close 10 higher at 140p. Racal finished o like amount up at 140p, interest bore also being enlivened by a brokor's circular. GEC edged up 4 to 166p. Philips Lamps roso ⅞ to £12⅞ following the nine-month figures. Electrocomponents rallied 10 to 343p following comment on tho interim figures, but tha slump in the half-year profits prompted a fall of 17 to 50p in Compsoft. Occasional offerings and lack of support left AB Electronic 10 cheaper at 195p. In contrast, Micro Focus, scheduled to report preliminary figures tomorrow, firmed 10 to 150p, while buying ahoad of the interim results expected next Wednesday left MK Electric 8 firmor at 293p.

Engineers passed a fairly quiet session. Thomas Robinson were firm again at 153p, up 8, along with Spencer Clark, a similar amount better at 75p. C. H. Bailoy advanced 3 more to 23½p; It was announced yesterday that Tifa AG bad increased its holding in the company. TI continued to drift lower in tho absence of Evered bid developments and closed 8 lower at 392p.

Among Foods, profit-taking clipped 4 from United Biscuits at 201p and 5 from Rowntree Mackintosh at 398p. Tesco attracted buyers following a favourable Press mention and firmed 5 to 290p; the intorim results are due next Wednesday. Outsido the leaders, Meadow Farm rose 25 to 425p in reply to the good interim results and proposed 100 per cent scrip issue, but Carr's Milling fell 17 to 165p in the absence of any takeover developments.

Boots advance

Rises in the miscellaneous industrial leaders were usually limited to a few pence, but Boots encountered further buying interest ahead of the interim figures scheduled for next Thursday and put on 7 to 230p. Elsewhere, Dalgety rallied 7 mere to 455p after recent dullness prompted by worries about the tin crisis. Marley, bought persistently over the past few day's on bid bopes, encountered profit-taking and gave up 3½ to 110½, but speculative activity revived in European Ferries which firmed 1½ to 156p. Gomme Holdings responded to Press comment on the preliminary figures with a rise of 7 ot 64p making a two-day gain of 15. Channel Tunnel rose 15 to 190p in a limited market, whils Associated Heat were also noteworthy for a gain of 7 at 387p. Demand persisted fer Rank Organisation which advanced 14 to a new peak for the year of 484p; the company announced yesterday that it had purchased a further $2.5m nominal of its 4¼ per cent 1993 Convertiblo loan stock.

Lucas claimed a fair amount of attention in Motors, rising to 443p before closing 5 higher on balanco at 440p on buying ahoad of Monday's preliminary results. Jaguar, meanwbile, boosted by news of record output in tho first nine months of the year, rose 6 to 318p in response to revived US support.

Significant movements in the Property sector were few. Rosehaugh rose ½ to £17½ following comment on the annual results. Recently-firm Marler Estates encountered profit-taking and ran back to 180p before closing a net 5 off at 185p, but renewed demand on property development bopes lifted Southend Stadium 5 to 67p.

David Dixon emerged as a firm feature in Textiles, rising 13 to 215p, after 218p, on news of a largo shareholding in tho company changing hands. Tomkinsons reflected revived speculative buying with a rise of 7 at 162p.

Exco touched 235p in the early stages on vague rumours of a bid from British and Commonwealth Shipping before closing a net 3 dearer at 228p; B and G added 8 at 330p. Mercantilo House, at 278p, recorded a gain of 11 in sympathy with Exco, while Mills and Allen put on 5 to 350p. Centreway Trust rose 3 at 20p.

Oils improve

The Oil majors shrugged asido recent worries about possiblo Saudi price cuts and edged progressivley higher during tho session to close at the day's best. Shell finished 5 dearer at 685p awaiting today's third-quarter figures, while Royal Dutch firmed ¾ to £44¼ helped by Amsterdam market influences. British Petroleum hardened 3 to 563p and Ultramar improved a couplo of pence to 200p. ICC Oil Services were a weak feature among secondary issues, falling to 9½ before settling a net 3 down at 10p following the poor annual results and dividend omission. Profit-taking clipped 5 from Sovereign at 105p, but recently overlooked Monument revived and gained a penny to 15p.

Rally in Golds

Recently depressed South African mining markets displayed widespread gains, tho first rally in nine trading sessions, as the Financial Rand staged a significant recovery from Tuesday's all-timo low against the dollar. Although it closed below the best, the Rand's improvement stimuloted occasional support for heavyweight Golds, particularly from Switzerland. Opening indications from New York proved te be of an uncertain nature, but most Gold shares still finished at around the day's best levols.

Gains ameng top-quality issues, often exaggerated by stock shortago, extended to over two points as in Vaal Reefs, ot £36¾. Randfontein advanced 1¾ to £42¼, while Western Holdings rose half a point to £15¾. Dealings in East Rand Proprietary were suspended at 287p following similar oction in Johannesburg. Tho FT Geld Mines index, down over 20 points on Monday and Tuesday, rallied 9.4 te 227.0.

Similar conditions prevailed among Cape-registered Financials. De Beers opurted 24 to 290p, while Anglo American put on 30 to 620p. "Amgold", down almost 5 points in tho previous two trading sessions, rallied 1¼ to £32, wbilo "Johnnies" finished 3 to the good at £43.

Tho fresb weakness of the Australian dollar and consequent pressure on domestic interest rates hindered activity in over-night Sydney and Molbourne markets. Leading resource counters, possible beneficiaries of an easler currency, nevertheless gave fresh ground. CRA, 252p, Western Mining, 151p and MIM Holdings, 111p, all dipped around 8, while Peko-Wallsend fell 14 to 228p. Golds were also friendless and losses of 15 wero common to Gold Mines of Kalgoorlie, 440p, and Central Norseman, 333p. Whim Creek declined 8 to 124p.

Althougb tho current tin crisis appeared unlikely to be resolved in tho near future, Malaysian issues continued to make modest headway, Ayer Hitam were 10 up at 215p and Gopeng 3 dearer at 83p. Cornwall's Geevor also regained some measure of composure after recent weakness and closed 5 up on balance at 85p.

Traded Option volume continued to improve sharply. Total contracts dono amounted to 15,570 — the bighest since lato January. Bats, excited by tbo proposed listing of the company's shares in a number of European exchanges, attracted 3,119 calls, tho November and February 300's accounting for 737 and 991 trades respectively. Lonrho were agoin activo with 1,741 calls struck, 802 in tho February 160's.

FINANCIAL TIMES STOCK INDICES

	Nov. 6	Nov. 5	Nov. 4	Nov. 1	Oct. 31	Oct. 30	year ago
Government Secs	83.70	83.67	83.93	83.83	83.96	84.04	82.89
Fixed Interest	89.46	89.60	89.64	89.67	89.64	89.59	85.50
Ordinary ♥	1081.3	1073.5	1071.1	1070.6	1069.1	1057.6	894.1
Gold Mines	227.0	217.6	222.2	237.2	245.0	246.6	541.4
Ord. Div. Yield	4.45	4.47	4.48	4.48	4.48	4.01	4.76
Earnings, Yld. % (full)	10.21	10.97	10.98	10.97	10.98	11.04	11.34
P/E Ratio (net) (*)	11.34	11.27	11.26	11.27	11.23	11.10	10.56
Total bargains (Est.)	25,882	24,721	23,431	24,333	25,103	24,412	21,042
Equity turnover £m.	—	612.24	410.83	529.67	578.39	676.67	312.61
Equity bargains	—	27,152	24,834	24,321	24,933	24,954	17,380
Shares traded (ml)	—	291.2	220.2	262.4	269.5	301.1	166.3

♥ 10 am 1073.1. 11 am 1076.0. Noon 1077.2. 1 pm 1079.3. 2 pm 1079.9. 3 pm 1079.6. 4 pm 1081.4.

Day's High 1081.8. Day's Low 1072.8.

Basis 100 Govt Secs 15/10/26. Fixed Int 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.93.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10)	78.02 (28/1)	127.4 (9/1/35)	49.10 (3/1/75)
Fixed Int.	90.38 (25/10)	82.17 (28/1)	100.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1081.3 (6/11)	911.0 (25/7)	1081.6 (6/11/85)	49.4 (26/6/40)
Gold Mines	536.2 (15/4)	217.6 (5/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Nov 5	Nov. 4
Daily Gilt Edged Bargains	130.6	107.2
Equities Bargains	175.8	100.2
Equities Value	1251.6	840.3
5 day Average Gilt Edged Bargains	131.1	130.8
Equities Bargains	153.5	107.7
Equities Value	1099.4	1061.1

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Inds.	308	+10
Brown (Matthew)	463	+23
De Beers Deld.	290	+24
Distillers	455	+5
Euro Ferries	156	+1½
Exco Intl.	228	+3
Jaguar	318	+6
Legal and General	730	+7
Lucas Inds.	440	+5
Mercury Securities	665	+35
Prudential	753	+3
TI	392	−8

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Ennes Intl	19	31	+4
BAT Inds	17	298	+13
Distillers	17	450	−10
Electrocomps	15	333	−12
Glaxo	10	£13	—
Sound Diffsn.	19	34	−7
Ind Scot Energy	13	190	−3
Marks Spencer	14	182	−3
Underwoods	14	204	—
Sainsbury (J.)	13	364	+9
ICI	12	677	−7
Oxford Instr	12	390	−2

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wed Nov 6 1985 (Figures in parentheses show number of stocks per section): Index No.; Day's Change %; Est. Earnings Yield% (Max.); Gross Div. Yield% (ACT at 30%); Est. P/E Ratio (Net); xd adj. 1985 to date; Tues Nov 5 Index No.; Mon Nov 4 Index No.; Fri Nov 1 Index No.; Year ago (approx.) Index No.

	Group	Index No.	Day's Change %	Est. Earnings Yield%	Gross Div. Yield%	Est. P/E Ratio	xd adj. 1985 to date	Tues Nov 5	Mon Nov 4	Fri Nov 1	Year ago
1	CAPITAL GOODS (207)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	543.84
2	Building Materials (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	592.88
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	712.11
4	Electricals (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1561.85
5	Electronics (39)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1993.57
6	Mechanical Engineering (61)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	260.42
8	Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	166.50
9	Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	133.55
10	Other Industrial Materials (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	748.06
21	CONSUMER GROUP (177)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	564.42
22	Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	633.88
25	Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	444.53
26	Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1384.33
27	Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	948.69
29	Leisure (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	617.61
31	Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1316.80
32	Packaging and Paper (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	260.31
34	Stores (42)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	612.28
35	Textiles (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	290.15
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	829.27
39	OTHER GROUPS (98)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	496.34
42	Chemicals (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	667.22
44	Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	137.63
45	Shipping and Transport (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	892.74
46	Miscellaneous (63)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (482)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (114)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (51)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (107)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (738)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	FT-SE 100 SHARE INDEX	1395.0	+11.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Wed Nov 6	Day's change %	Tues Nov 5	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS — Wed Nov 6; Tues Nov 5; Year ago (approx.)

			Wed Nov 6	Tues Nov 5	Year ago
	British Government				
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12		15 years	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]
14	Preference		[illegible]	[illegible]	[illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

8	All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15 Inflation rate 5%	[illegible]	[illegible]	[illegible]
							16 Inflation rate 10%	[illegible]	[illegible]	[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$300	—	—	—	—	1005	41	$324.70
GOLD C	$330	0	6.20	52	17	—	—	"
GOLD C	$340	05	0.20	107	7	39	12	"
GOLD C	$360	—	—	1	0	31	5.50	"
GOLD P	$300	—	—	2	2.50	110	5.30	"
GOLD P	$340	20	16	20	16.50	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 67,750

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
33	F.P.	27/11	67	60	Brasway 10p	67	
80	F.P.	21/11	90	75	Crowther (J)	89	−1
106	Nil	—	24pm	21pm	Fisher (Albert) 5p	23pm	−1
130	Nil	6/12	36pm	28pm	Garfunkels Rest. 10p	34pm	
995	F.P.	6/12	663	280	ML Hldgs	340	−2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. H Dividend and Yield based on prospectus or other official estimates for 1986. u Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). † Units comprising 3 ordinary shares and 1 warrant.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 4	Nov 15	Feb 6	Feb 17
Nov 18	Nov 29	Feb 20	Mar 3
Dec 2	Dec 13	Mar 6	Mar 17

For rate indications see end of Unit Trust Service

Stocks favoured for tho call included Underwoods, Racal, Sound Diffusion, ICC, West Coast, Kia Ora, Juliana's, Goode Durrant and Murray, Exco International, TSL Thermal Syndicate, Ryan Hotels, Scottish and Newcastle, Trusthouse Forte, Goodman Bros, Cadbury Schweppes, Cannon Street Investments, John Brown, Sears, Bristol Channel Ship Repairers, and Amstrad. Puts were taken out in Logica and Distillers, while a double was transacted in Kia Ora.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	81	24
Corpns Dom & Foreign Bonds	16	6	69
Industrials	261	284	932
Financial & Props	164	88	312
Oils	20	30	77
Plantations	2	4	12
Mines	68	46	74
Others	66	56	94
Totals	600	604	1,584

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (123)

FOREIGN BONDS (1)
CANADIANS (1)
BANKS (12)
BREWERS (8)
BUILDINGS (9)
CHEMICALS (2)
STORES (7)
ELECTRICALS (1)
ENGINEERING (5)
FOODS (6)
HOTELS (7)
INDUSTRIALS (18)
INSURANCE (4)
MOTORS (1)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (3)
SHOES (1)
TEXTILES (5)
TRUSTS (40)

NEW LOWS (39)

AMERICANS (1)
Tracor
ELECTRICALS (7)
AB Electronic, Microlease, Brown Boveri Kent, Prestwick, Compsoft, Quest Automation, Grosvenor Group
ENGINEERING (1)
Simon Engineering
INDUSTRIALS (3)
Allied Plant, Pritchard Services, Fertil-A-Chron
NEWSPAPERS (1)
Portsmouth & Sunderland
PAPER (1)
Boase Massimi Pollitt
PROPERTY (1)
Lend Lease
SHIPPING (1)
Lyle Shipping
SOUTH AFRICANS (2)
Tongaat-Hulett, Unisec
TRUSTS (1)
Nat Home Loans
OILS (9)
Bridge Oil, Magellan Pet, Brunswick Oil, Petrogen Pet, Churchill Resources, Premier Cons, Claremont Pet, Santos, Floyd Oil
MINES (11)
Elandsrand, Hoama NW, Anglo Amer Gold, Kitchener Mining, Gencor, MIM Hldgs, Bougainville, Western Mining, CRA, Greenwich Res, Central Pacific

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*663)	600	75	97	—	3	9	—
	650	37	47	58	14	30	32
	700	14	21	30	40	53	57
Cons. Gold (*464)	390	87	97	—	9	4	—
[illegible]							

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
P. & O. (*429)	390	49	53	60	9	7	10
	420	17	30	40	6	16	22
	460	2	14	26	36	67	40
Racal (*140)	120	22	28	36	1	2	9
[illegible]							

November 6 Total contracts 15,570 Calls 11,778 Puts 3,792

*Underlying security price

WORLD STOCK MARKETS

AUSTRIA | GERMANY | NORWAY | AUSTRALIA (continued) | JAPAN (continued) | BELGIUM/LUXEMBOURG | SPAIN | SWEDEN | HONG KONG | DENMARK | ITALY | SWITZERLAND | SINGAPORE | FRANCE | NETHERLANDS | AUSTRALIA | JAPAN | SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Closing prices November 6

[illegible]

MONTREAL

Closing prices November 6

[illegible]

Indices

NEW YORK

[illegible]

TORONTO	Nov 6	Nov 5	Nov 4	Nov 1	1985 High	1985 Low
Metals & Minls	1,817.5*	1,793.5	1,788.19	1,779.42	2190.7 (13/2)	1795.4 (23/10)
Composite	2,712.5*	2,700.5	2,700.14	2,705.40	2819.9 (30/8)	2348.5 (8/1)
MONTREAL Portfolio	138.72*	130.72	130.33	130.40	138.33 (19/1)	117.88 (4/1)

* Indicates pre-close figure

** Saturday November 2: Japan Nikkei 12,809.96. TSE 1,018.57.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrials—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 37

[illegible]

LONDON Chief price changes (in pence unless otherwise indicated)

RISES		
Akroyd & Smith	495	+35
Baldwin (HJ)	58	+18
Boots	230	+ 7
Brit Home St	327	+ 9
Brown (Matthew)	463	+23
De Beers Defd	290	+24
Dixon (David)	215	+13
Gomme Hldgs	64	+ 7
Hill Samuel	355	+12
Jaguar	318	+ 6
Lloyds Bank	476	+23
Merc House	278	+11
Mercury Secur	665	+35
Meyer Intl	176	+ 8
Philips Lamps	£12¾	+ ⅞
Plessey	140	+10
Racal Elects	140	+10
Rank Organis	484	+14
Tesco	290	+ 5
Underwoods	209	+ 5
Vaal Reefs	£38¾	+2⅝
Whitbread A	270	+ 8
FALLS		
Tr 13¾pc 2004/08	£126½	− ¾
Carr's Milling	165	−17
Central Nors	333	−15
ICC Oil Services	10	− 3
ICI	669	− 8
Peko-Wallsend	228	−14
TI	392	− 8

NEW YORK CLOSING PRICES

Continued from Page 37

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24 5/8	16	AAR	.56	2.4	15	83	22 7/8	22 1/4	22 7/8	
17 3/8	9 3/4	AGS			13	167	16 5/8	16	16 5/8	+ 3/8
50 3/4	29 3/4	AMR			7	9315	40 1/2	39 1/8	40 1/2	+ 11
22	18	ANR pf 2.12		10		1	20 1/4	20 1/4	20 1/4	+ 1/4
13 3/4	7 5/8	APL				161	9 7/8	9 7/8	9 7/8	+ 1/8
61 1/8	32 3/4	ASA	2	5.7		689	35 3/8	34 1/8	35 3/8	+ 12
27	10 1/2	AVX	.32	2.8		304	11 1/4	10 5/8	11 1/8	+ 1/2
28 1/8	19 1/4	AZP	2.72	11.	7	1305	25 7/8	24 3/4	24 7/8	
60	38 5/8	AbtLab 1.40		2.3	16	3457	59 5/8	58 1/2	59 5/8	+ 7/8
25 7/8	19 5/8	AccoWd .50		2.2	17	273	23	22 7/8	22 7/8	+ 1/8
24 3/4	11 1/8	AcmeC .48		3.8		26	11 1/2	11 1/4	11 1/4	− 1/4
10 1/2	7	AcmeE .32b		4.5	11	24	7 1/8	7	7 1/8	+ 1/8
19	15 1/2	AdaEx 1.92e		11.		62	17 5/8	17 3/8	17 5/8	
20	13 1/2	AdmMR .40		2.8	6	6	19 3/4	19 3/4	19 3/4	− 1/8
14 7/8	8 5/8	AdvSys .53t		3.8	20	103	14 1/4	13 5/8	13 7/8	+ 3/8
36 5/8	22 1/8	AMD			26	9089	24 3/4	23 3/8	24 5/8	+ 13
11 1/8	10 3/4	Adobe n				248	11	10 7/8	10 7/8	
15 1/8	14 5/8	Adob pfA				54	14 7/8	14 3/4	14 7/8	
16 7/8	15 1/4	Adob pfB				249	u 19 3/8	18 1/8	18 1/4	+ 1/8
12 7/8	6 7/8	Advest .12		1.2	14	116	9 3/4	9 1/2	9 3/4	
14 1/4	9	Aeroflex			13	114	14 1/4	14	14 1/8	+ 1/4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 37

NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

P Q

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37⅞	23½	PHH	1	2.7	14	691	u37½	36¾	36¾	−¼
48⅞	31½	PPG	1.76	3.6	11	1907	u49¼	48⅛	48⅝	+¼
31½	19⅝	PSA	.66	2.4	12	302	25¼	25	25	
23⅜	14¾	PSA dpf1.90		9.0		60	21	20½	21	+⅜
14⅞	12	PacAS 1.54		11.		47	14⅛	14	14⅛	+⅛
20¼	15⅝	PacGE 1.64		8.8	T	2026	19	18¾	18¾	
46¾	37⅛	PacLtg3.48		8.0	12	363	43⅞	43⅝	43⅝	−⅛
41⅞	24½	PcLum 1.20		3.6	25	2059	39½	39⅛	39½	+⅜
10	5⅞	PacRes.05e		.5	9	60	9¼	9⅛	9¼	+⅛
18¾	13½	PacRs pf 2		11		13	18⅞	18¾	18¾	−¼
17½	12⅝	PacSci .40		2.6	13	101	14⅝	14	14⅝	+⅛
82¾	65	PacTel 4.72		7.6	9	2163	75⅞	75¼	75½	+⅛
16	9¼	PacTin .48		3.2	7	6	12½	12½	12½	
31⅝	24⅝	Pacificp2.40		6.4	8	1899	28⅝	28⅜	28⅝	+¼
45⅞	25¼	PainWb.80		2.8	17	720	30⅛	29½	29⅝	−⅜
34⅛	25⅞	PainW pf2.25		7.9		80	28⅞	28¼	28⅜	
39	32⅞	PalmBc1.20		3.3	61	167	36¼	36⅛	36¼	
40½	20¼	PanABk70		1.8	0	31	39¾	39½	39⅝	+⅜
8¾	4	PanAm				16464	8⅝	8⅛	8⅝	+⅛
4	1¾	PanA wt				441	3⅛	2⅞	3⅛	
21	13⅝	Pandeln.20		1.3	17	300	16	15⅛	16	+¼
41½	32⅞	PanhEC2.30		6.3	13	502	37⅛	36⅝	36¾	−¼
8¼	3½	PantPr				2393	7⅞	7⅝	7¾	−⅛
18⅝	6½	Pardyn				302	7	6¾	6¾	−¼
17⅜	11⅛	ParkEl .03e		.2	12	160	14	13½	14	+½
7½	4	ParkDr108		1.8		3716	4½	4¼	4⅜	
38½	25¾	ParkH .80		2.5	11	272	31⅝	31⅜	31⅝	+⅛
25⅝	14⅝	ParkPn.52r		2.2	34	1408	23¼	22⅞	23⅛	
5	3	PatPtr s			2	39	4¼	4⅛	4⅛	
15⅞	11⅛	PayNP .64		5.4	13	71	12	11⅞	11⅞	−⅛
23⅜	13½	PayCsh .16		1.1	14	1043	14¾	13⅞	14¼	+¾
1⅝	5-16	Pengo				156	7-16	13-32	13-32	
58⅝	44⅞	PenCan			14	303	57⅞	31½	37¼	
54⅝	44½	Penney2.36		4.9	0	1589	48½	48⅛	48½	+¼
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s
17	10⅞	Roylnt s			19	290
30¾	20¼	Rubmds.48		1.6	20	495
20	14¾	RussBr			13	68
24	15⅝	RusTog .76		3.4	11	29
31¼	21	RyanH 1		4.4	7	3088
30⅞	22	Ryder s .60		2.0	12	1567
29	18½	Ryland .65		2.6	12	471
20⅞	8½	Rymer			4	50
13⅝	10⅞	Rymer pf 1.17		10.		2
		S S S				
74¼	41½	SCM	2	2.7	17	209
13⅝	9⅝	SL Ind .22b		1.7	11	25
32⅞	19½	SPSTec .80		2.4	16	92
19	15	Sabine .04		.3	37	16
20	16	SabnRy2.38e		14.		206
20⅝	12¼	SigdBs .30		1.7	15	305
12¾	5⅜	SigdSc			22	47
2⅞	1¼	SigdS wt				25
38⅝	23¼	SafKin s .40		1.1	23	213
35¾	25¼	Safewy 1.70		4.7	9	1977
34¾	20¼	Saga .52		2.2	12	606
23	18½	StJoLP1.72		8.3	7	12
11⅞	9⅝	SPaul 1.08		11.		905
8⅝	3¼	vjSalant				35
35¾	24⅛	SallieM .16		.4	16	826
28⅝	21⅞	SDieGs2.24		8.5	6	562
9¾	6¾	SJuanB90e		11.	9	398
12⅛	8⅞	SJuanR			16	5
43⅝	29½	Sandr .60		1.0	16	651
25⅝	26	SAnitRl 94		8.1	12	6
35⅝	24⅝	SFeSoP 1		3.0	15	3743
49¼	31⅞	SaraLee.60		3.3	13	1382
54½	50½	SaraL pf2.61e		5.1		3
35⅞	29½	SgtWel 1.48		4.3	15	2
19⅝	15¾	SaulRE .20		1.1	47	11
22¼	17⅜	SavEP1.60		7.8	8	66
23⅜	18⅞	SavE 1.34		6.1		1
[illegible]						

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
13¾	7⅛	WillcxG.10		.8	6	273	13⅛	12⅞	12⅞	−⅛
33½	26⅛	WilliamI.40		4.7	22	779	30⅛	29⅝	29⅞	
5½	2	WilmEl				162	4⅝	4⅛	4¼	
7⅝	5⅞	WilshrO.10		1.6		55	6⅜	5⅞	6⅜	+⅛
35⅞	30	WinDix 1.74		6.0	13	281	34⅝	34¼	34¼	+½
20⅝	8½	Winnbg .20		1.5	8	239	11	10⅝	10⅞	
8¼	5⅛	Winner				249	7⅛	7	7⅛	+½
8¼	3⅜	WinterJ				13	7½	7¼	7¼	−¼
40½	30¼	WiscEP2.48		6.8	8	231	36¾	36⅝	36⅝	−¼
28⅝	22⅛	WisG pf2.55		9.8		8	26¼	26	26	−⅛
40⅝	28⅛	WiscPL2.78		7.5	9	81	36⅝	36½	36⅝	
39½	29¼	WiscPS2.86		7.4	9	40	39⅛	38½	38⅝	−⅛

Continued on Page 35

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called.d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 35

FINANCIAL TIMES

WORLD STOCK MARKETS

Financial Times Thursday November 7 1985

WALL STREET

Sustained assault on fresh peaks

ANOTHER triumphant trading session in US stock markets saw the Dow Jones industrial average burst convincingly through the 1,400 mark in late trading, after twice failing to hold above that level earlier in the day, *writes Terry Byland in New York.*

Turnover was heavy, with the big institutions continuing to respond to sliding yields, in the bond market and to encouraging comments from Mr John Akers, president of IBM.

The stock market opened with a burst of strength which soon brought out the profit-takers. Stocks remained very busy throughout the day, with buyers and sellers taking turns in the driving seat, until the final half hour brought a surge of demand for the blue chips.

The Dow Jones industrial average closed with a net gain of 6.77 points at a new all-time peak of 1,403.44, with the Dow Composite index 2.42 points higher at 567.62, also a new peak. Turnover expanded to 130.5m shares.

The initial surge in the market took in most of the blue chips, including the airlines, which boosted the Dow transportation average sharply.

Many of the industrial stocks then fell prey to a not unexpected bout of profit-taking which soon faded. Technology issues quickly returned to favour.

Mr Akers told a meeting in Greenock, Scotland, that IBM would show "some strong growth" in the fourth quarter, again citing the recent weakening in the dollar as a major factor.

IBM stock was the first to shrug off the profit-takers and move ahead in heavy trading. At $132¾ it was $½ up, on turnover of around 2m shares.

National Semiconductor gained $1⅛ to $11⅝, Motorola $1½ to $33 and Texas Instruments $4½ to $94¾.

Honeywell, $⅝ up at $63¼, and Burroughs, up $¼ at $57½, led the recovery in the other major computer manufacturers.

Stock in GTE made little response to its share in the $4.3bn US Army contract won with Thomson-CSF of France and against strong opposition from Britain. At $41⅛, GTE shed $⅝, and Gould shed $¼ to $32½ after announcing it had received the first sub-contract from the GTE consortium.

Rockwell International, a member with Britain's Plessey of the losing consortium, was $½ easier at $33⅝ after disclosing lacklustre profits.

Airline issues turned mixed, with the domestic carriers led by Delta, up $⅝ at $40⅛, and American, up $1¼ at $40½. Rail issues were again featured by Norfolk Southern, $⅝ higher at $73½.

Pharmaceuticals, which have strengthened recently as the dollar has weakened, saw some selling. Merck dipped $⅝ from its new peak to stand at $118⅞, Pfizer at $48 shed $¼ and Bristol-Myers gave up $⅝ to $60½. But early losses were soon trimmed, and brighter features were Upjohn, $¼ better at $125⅝, and SmithKline Beckman, up $⅛ at $70.

The Detroit car stocks were sluggish after the latest industry sales figures. General Motors shed $⅛ at $68⅝ and Ford $⅛ at $48. Chrysler, however, added $⅛ to $41⅛.

Cincinnati Milacron, the major tool-making firm, shed $⅛ to $16⅝ after disclosing a trading loss. But the quarterly earnings report from Eastman Kodak left the stock $½ higher at $44⅜.

Meanwhile among the speculative features, Beatrice Group topped the NYSE active stocks list although the stock was $⅛ better at $44⅛ as Wall Street awaited the outcome of the bid situation. Texas Oil & Gas, at $16, added $¼ despite poor results but remained below the prospective value of the US Steel offer.

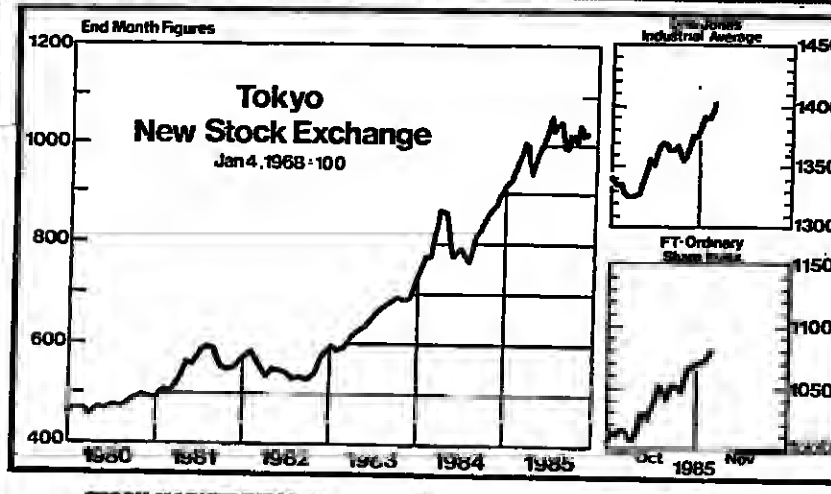
A strong feature was Fireman's Fund, the recently floated division of American Express. At $30¾, Fireman's was $1⅛ up at $30¾ as it caught up with the rest of the insurance sector.

On the American Stock Exchange, there was heavy turnover again in BAT Industries of the UK, with the ADRs rising $5/16 to $4⅝. Sierra Health, predicting a heavy trading loss, fell $2⅝ to $4¼.

In the credit markets, enthusiasm was reined in by federal funds trading at 8⅛ per cent, as well as by a fresh warning from the assistant Treasury Secretary on the implications of the continued delay in action on the new federal debt ceiling.

However, bond prices remained firm as the market continued to digest last week's $17.75bn in new Treasury issues without difficulty.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Nov 6	Previous	Year ago
DJ Industrials	1,404.13	1,396.67	1,244.15
DJ Transport	673.92	669.59	540.16
DJ Utilities	160.70	161.01	146.39
S&P Composite	192.75	192.37	170.41
LONDON *			
FT Ord	1,081.3	1,073.5	894.1
FT-SE 100	1,395.0	1,383.7	1,161.4
FT-A All-share	678.20	674.63	546.86
FT-A 500	741.84	738.43	597.16
FT Gold mines	227.0	217.6	541.4
FT-A Long gilt	10.33	10.30	10.08
TOKYO			
Nikkei	12,892.40	12,820.69	11,297.7
Tokyo SE	1,022.20	1,019.40	860.35
AUSTRALIA			
All Ord.	1,005.6	1,014.6	767.7
Metals & Mins.	498.4	502.2	467.8
AUSTRIA			
Credit Aktien	99.43	99.17	57.75
BELGIUM			
Belgian SE	2,815.66	2,831.48	163.25
CANADA			
Toronto			
Metals & Minls	1,817.0*	1,793.51	2,061.0
Composite	2,712.6*	2,709.55	2,422.9
Montreal			
Portfolio	130.72*	130.72	120.60
DENMARK			
SE	n/a	232.46	172.24
FRANCE			
CAC Gen	225.0	224.2	181.5
Ind. Tendance	128.5	127.2	98.2
WEST GERMANY			
FAZ-Aktien	598.18	584.91	373.34
Commerzbank	1,769.2	1,729.7	1,090.7
HONG KONG			
Hang Seng	1,700.76	1,692.71	1,037.67
ITALY			
Banca Comm.	412.78	411.46	213.22
NETHERLANDS			
ANP-CBS Gen	233.0	229.0	179.3
ANP-CBS Ind	210.1	207.2	140.8
NORWAY			
Oslo SE	395.18	399.60	285.50
SINGAPORE			
Straits Times	769.68	767.60	833.78
SOUTH AFRICA			
JSE Golds	–	1,099.4	1,056.6
JSE Industrials	–	938.0	892.8
SPAIN			
Madrid SE	125.77	124.42	100.87
SWEDEN			
J & P	1,505.58	1,499.13	1,432.86
SWITZERLAND			
Swiss Bank Ind	518.1	515.2	383.8
WORLD	Nov 5	Prev	Year ago
Capital Int'l	234.7	234.4	189.1

COMMODITIES

(London)	Nov 6	Prev
Silver (spot fixing)	423.05p	422.55p
Copper (cash)	£955.50	£952.50
Coffee (Nov)	£1,872.50	£1,872.50
Oil (spot Arabian Light)	$27.75	$27.75

GOLD (per ounce)

	Nov 6	Prev
London	$324.75	$324.75
Zürich	$324.50	$324.85
Paris (fixing)	$325.97	$325.04
Luxembourg	$325.00	$324.75
New York (Dec)	$325.50	$326.20

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Nov 6	Previous	Nov 6	Previous
$	–	–	1.4365	1.433
DM	2.599	2.6135	3.7325	3.745
Yen	205.25	207.9	295.0	298.0
FFr	7.92	7.9675	11.3775	11.4175
SFr	2.14	2.151	3.075	3.0825
Guilder	2.932	2.9475	4.2125	4.225
Lira	1,755.0	1,762.0	2,521.0	2,525.0
BFr	52.6	52.8	75.55	75.66
C$	1.377	1.37445	1.977	1.9685

INTEREST RATES

Euro-currencies (3-month offered rate)	Nov 6	Prev
£	11 9/16	11 11/16
SFr	4 7/16	4 7/16
DM	4 13/16	4 13/16
FFr	9 9/16	9 9/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	8 7/16	8⅛
6-month U.S.$	8 9/16	8 9/16
U.S. Fed Funds	8⅛	8⅛
U.S. 3-month CDs	7.8	7.08
U.S. 3-month T-bills	7.245	7.235

U.S BONDS

Treasury		Nov 6* Price	Yield	Prev Price	Yield
8⅞	1987	100 14/32	6.59	100 1/32	8.68
9⅞	1992	100 16/32	9.686	99 31/32	9.74
10½	1995	103 26/32	8.868	103 17/32	9.92
10⅝	2015	104 14/32	10.13	104 7/32	10.18

Treasury Index Maturity (years)	Nov 6 Return index	Day's change	Yield	Day's change
1–30	131.65	+0.02	8.40	−0.01
1–10	129.76	+0.03	8.11	−0.01
1– 3	126.29	+0.07	8.60	−0.02
3– 5	131.43	+0.05	9.33	+0.00
15–30	138.29	+0.06	10.41	−0.01

Source: Merrill Lynch

Corporate	Nov 6* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	101½	9.90	101½	8.90
3⅞ July 1990	83⅛	8.33	83⅛	8.33
8¾ May 2000	85⅝	10.73	85⅝	10.73
Xerox				
10⅞ Mar 1993	101⅞	10.47	101⅞	10.47
Diamond Shamrock				
10¾ May 1993	99	10.80	99	10.80
Federated Dept Stores				
10⅜ May 2013	94¾	11.25	94¾	11.25
Abbot Lab				
11.80 Feb 2013	103⅛	11.40	103⅛	11.40
Alcoa				
12¼ Dec 2012	103	11.90	103	11.90

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	79-00	79-22	78-31	79-06
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.94	92.99	92.94	92.94
Certificates of Deposit (IMM) $1m points of 100%				
Dec	92.30	92.33	92.30	92.31
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	92.02	92.05	92.00	92.03
20-year Notional Gilt £50,000 32nds of 100%				
Dec	112–13	113-01	112–12	112–28

* Latest available figures

TOKYO

Encouraged by the yen's firmness

BUYING INTEREST mounted gradually in Tokyo yesterday as investors found encouragement in the good showing of major foreign stock exchanges and the yen's continued rise against the dollar, *writes Shigeo Nishiwaki of Jiji Press.*

Support was scattered, ranging from asset-heavy stocks, blue chips and thyristor-related stocks to issues benefiting from larger capital spending by power companies.

The Nikkei average gained 71.71 from the previous day to 12,892.40. Volume rose from Tuesday's 174m shares to 301m. Advances outnumbered declines by 430 to 339, with 151 issues unchanged.

Mitsubishi Estate featured with a gain of Y50 to a new high for the year of Y1,220, surpassing the previous peak of Y1,190 recorded on Saturday. The issue topped the active list with 16.71m shares changing hands.

Among other asset-heavy stocks, Sumitomo Realty and Development added Y53 to Y1,050, Mitsui Real Estate Y10 to Y1,070, Tokyo Tatemono Y20 to Y959 and Nippon Express Y10 to Y627.

Sumitomo Electric Industries advanced Y22 to Y887 and Hitachi Cable Y14 to Y659, both helped by increased capital spending by electric power companies.

Thyristor-related stocks regained popularity, with Meidensha Electric rising Y23 to Y565, Osaka Transformer Y18 to Y553, Takaoka Electric Y27 to Y463 and Tohoku Metal Y210 to Y2,270.

Among blue chips, NEC advanced Y30 to Y1,170, Canon Y30 to Y1,180, Sony Y100 to Y3,820, Kyushu Matsushita Electric Y90 to Y2,630 and Hoya Y100 to Y2,080.

Mitsubishi Heavy Industries rose Y18 to Y386, but trading volume was relatively thin at 8.74m shares. Tokyo Electric Power and Tokyo Gas fared poorly despite the stronger yen. Tokyo Electric ended at Y2,470, unchanged from the previous day, while Tokyo Gas dipped Y3 to Y313. These large-capital stocks lost steam for lack of buying by institutional investors and business corporations.

Minebea put on Y35 at one point on reports that an executive of Trafalgar Holdings Ltd had said the American investment company was determined to launch a takeover bid against Minebea. But the issue closed at Y783, Y13 higher.

The Tokyo Stock Exchange yesterday lowered the margin requirement ratio from 60 per cent to 50 per cent to reflate market activity, but the action had little effect.

Bond prices firmed in reaction to declining US interest rates and the yen's continued surge. The yield on 8.8 per cent government bonds due in December 1994 fell to 6.490 per cent from 8.510 per cent the previous day.

SINGAPORE

FIRMER blue chips featured in Singapore although profit-taking held the Straits Times industrial index to a 2.08 point advance to close at 769.68.

Grand United Holdings, the most active again with 2.6m shares traded out of a total turnover of 15m, gained 7 cents to S$1.60. MBF Holdings was also sought after and picked up 18 cents to S$3.36 while UOB firmed 10 cents to S$3.78.

Other rises included Hong Leong Credit, 15 cents dearer at S$6.75, OUB, 11 cents up at S$2.90, and Fraser & Neave, 10 cents up at S$6.80.

Among the declines, ICS dipped 20 cents to S$6, Kentucky Fried Chicken 8 cents to S$3.40 and Pan Electric 4 cents to S$1.40.

EUROPE

Electronics add sparkle to Paris

FIRMNESS continued to bolster Europe yesterday with only sporadic instances of profit-taking proving a dampener on some bourses.

Paris rallied for its 10th consecutive session as demand for electronic stocks pushed prices higher.

Thomson-CSF put on FFr 7 to FFr 611 after news that it had been awarded a share in the FFr 4.3bn US military contract. Other electronic issues to benefit included CIT-Alcatel, up FFr 89 at FFr 1,349, and Télémécanique, FFr 35 higher at FFr 2,555.

Engineerings also gained from hopes that the US Government's order would spur French technology exports.

Food issues were also a strong point in the market. Olida set the pace with a FFr 13.50 rise to FFr 161 and Fromageries Bel added FFr 30 to FFr 800 before news that Nestlé would sell its US cheese interests to the French food group.

Profit-taking was stemmed in Frankfurt where prices rebounded after Tuesday's steep losses.

Cars were the favourites on expectations of strong nine-month results. VW was again boosted by speculation that it would raise its stock capital. Although an official denied the rumours for the second day, VW rose DM 19 to DM 408.50.

BMW recouped the loss incurred in the previous session and added DM 25 to DM 555, Daimler-Benz gained DM 27 to DM 1,157 and Porsche edged DM 17 ahead to DM 1,300.

Newly listed Kugelfischer, the ball-bearing manufacturer, rose DM 29 to DM 422 in the first day of free official trading.

Strong demand from foreign and domestic investors sent bonds higher by as much as 85 pfg on expectations of a further decline in yields. The Bundesbank sold DM 148.1m worth of paper against DM 13.8m on Tuesday.

Zurich tended steady as the steam evaporated from Tuesday's rally which was underpinned by a cut in some Swiss bank's time deposit rates.

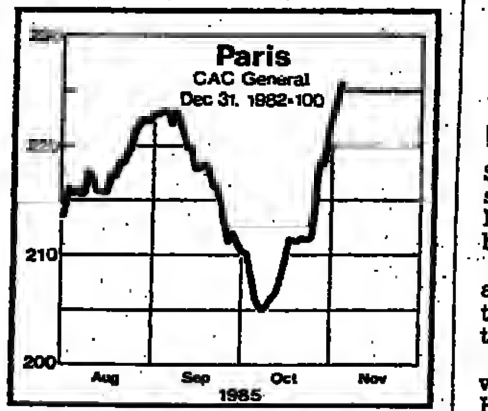
Dow stole the limelight in the banking sector, rising SFr 55 to SFr 1,370, while other banks faded. Bank Leu dropped SFr 60 to SFr 4,240, Crédit Suisse SFr 10 to SFr 3,240 and UBS the same amount to SFr 4,810.

In insurers, Zurich Insurance rose SFr 25 to SFr 5,750 while Winterthur shed SFr 15 to SFr 4,860 and Swiss Re dropped SFr 125 to SFr 12,700.

Amsterdam was swept higher by overseas demand. The ANP-CBS general index rose 4.0 to a peak of 233.0.

Philips rose on heavy foreign interest after reporting a drop in lower third-quarter profits. Earnings of 81 cents a share topped the market's expectations of between 50 and 60 cents, and the issue rose Fl 3.50 to Fl 52.80.

Brussels ended mixed with profit-taking eating away the few gains accru-



ed before the recent consolidation period set in.

Petrofina, which shed BFr 160 on Tuesday, lost another BFr 130 to BFr 6,610 as world oil price worries continue.

Widespread expectations of an imminent cut in domestic interest rates kept Stockholm on the boil for the third day.

Ericsson was the most active issue, gaining SKr 3 to SKr 197, and Fermenta was again heavily traded, adding SKr 3 to SKr 102.

Milan recovered most of the ground lost in the previous session to end higher, and Madrid also gained in lively trading.

CANADA

INDUSTRIALS held their ground in Toronto as oils and golds suffered modest falls.

Canadian Pacific Enterprises was actively traded but was unchanged at C$27¼. Shareholders are due to vote next month on a merger with Canadian Pacific Ltd, also on the active list and unchanged at C$18½.

Banks were a soft spot in Montreal as utilities and industrials made solid progress.

LONDON

LEADING equities confidently strolled to new peaks in London yesterday although some disappointment was registered at the bank lending figures and the continuing clouds over oil prices.

The FT Ordinary index advanced 7.8 to a fresh record of 1,081.3 while the broader-based FT-SE 100 index gained 11.3 to a best-ever 1,395.0.

Beleaguered electricals showed some resilience, and institutional operators renewed their buying of a range of blue chip issues. But the market's main advance was on the strength of financials and stores.

Gilts began to lose some of their appeal on fears over public-sector borrowing requirements, and longs slipped by up to ⅜ at the close.

Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32-33

HONG KONG

SELECTIVE buying lifted sentiment slightly in Hong Kong and took the Hang Seng index back across the 1,700 barrier with a 8.05 gain to 1,700.76.

The inability of the index to stay above the 1,700 level for long is ascribed to continued investor caution and sustained profit-taking.

Properties were largely unmoved, with Hongkong Wharf 5 cents higher at HK$7.45, while Hongkong Land and New World were steady at HK$6.90 and HK$8.30 respectively.

AUSTRALIA

HIGH INTEREST rates and the falling Australian dollar eroded investor confidence in Sydney and left the All Ordinaries index 8.3 down at 1,006.4.

BHP retreated 8 cents to A$8.32 on the last day of its four-day averaging period for dividend reinvestments. CSR dipped 4 cents to A$3.38 while MIM lost 6 cents to A$2.42.

Golds were mixed, with Kidston shedding 10 cents to A$5.40 and Central Norseman 30 cents to A$7.20.

SOUTH AFRICA

FURTHER ground was surrendered by gold shares in Johannesburg, and other leading mines eased in sympathy.

Driefontein shed 75 cents to R49.75, Buffels lost R1 to R75 and Free State Geduld turned R1 cheaper at R71. Rustenburg Platinum suffered a R1.25 setback to R22.75, and blue-chip diamond miner De Beers eased 5 cents to R15.30.

Elsewhere, industrials showed a measure of strength, with Barlow Rand firming 10 cents to R11.